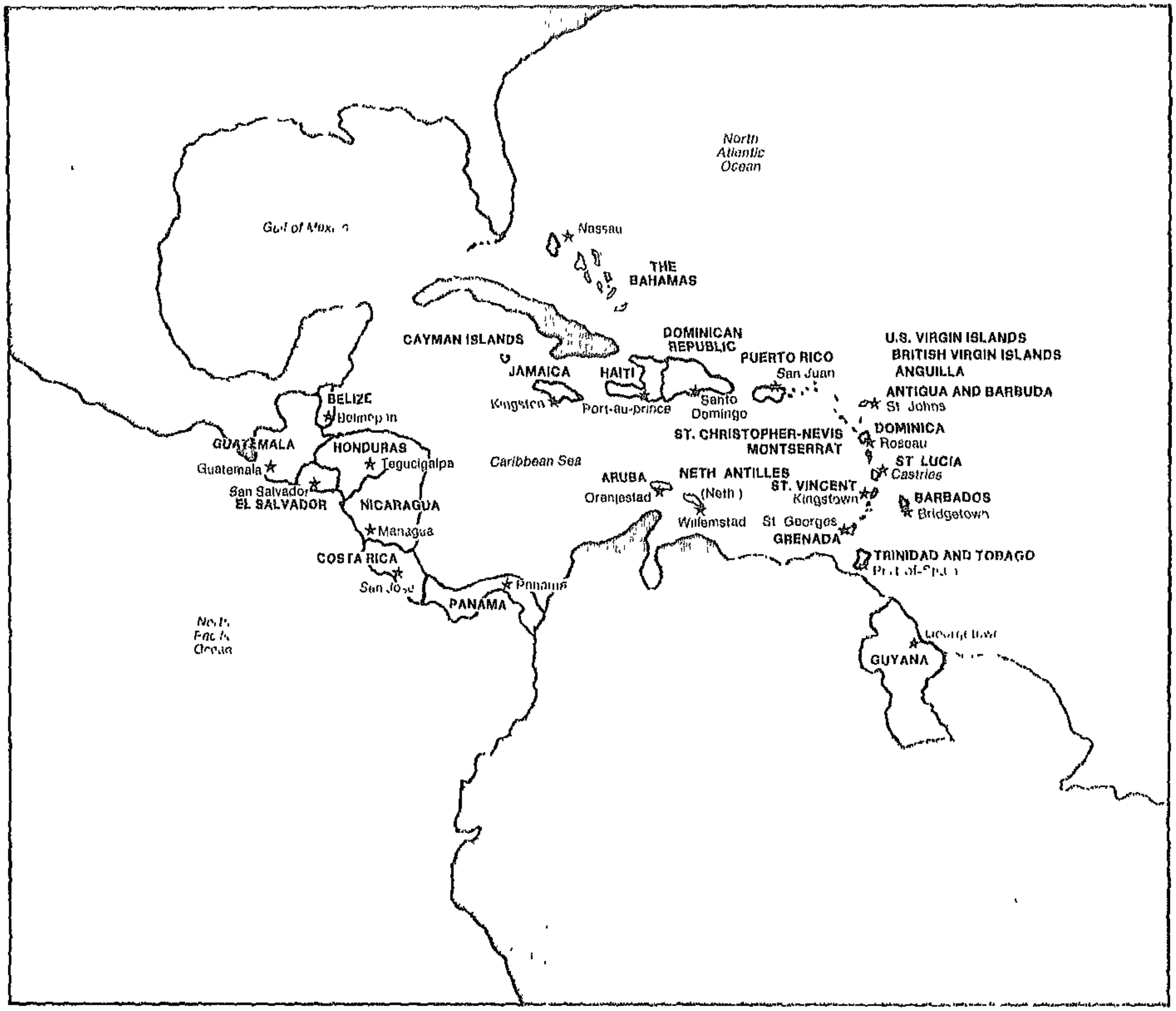
CARIBBEAN BASIN COUNTRIES



1991
GUIDEBOOK

Caribbean Basin Initiative

Prepared by:

Jim Phillips
Latin America/Caribbean Business Development Center

U.S. DEPARTMENT OF COMMERCE
International Trade Administration

Published in cooperation with the U.S. Agency for International Development.

November 1990

FOREWORD

Since its enactment seven years ago, the Caribbean Basin Initiative (CBI) has provided a unique impetus to the development of trade and investment between the United States and the 23 CBI beneficiary nations. U.S. companies seeking new sources of production are increasingly looking to the Caribbean Basin and Central America. At the same time, CBI firms are expanding their product lines and making new inroads into the U.S. and other markets. The result has been an increased flow of trade and investment both ways.

The original intent of the Caribbean Basin Initiative was to promote private sector-led economic growth, stability, and diversification in the CBI region. A primary method by which this was accomplished was through the provision of duty-free access to the large and lucrative U.S. market. Since the original legislation, several other programs and organizations have been mobilized to assist in this worthy effort. The purpose of this guidebook is to provide an overview of those programs and organizations.

Now in its seventh edition, the *CBI Guidebook* contains information on products eligible for duty-free treatment under the Caribbean Basin Economic Recovery Act (CBI); The Caribbean Basin Economic Recovery Expansion Act (CBI II); types of assistance available from U.S. Government agencies; recommended publications; a variety of sources of information on individual CBI countries; selected sources of financing for potential investors; the 936 program; and the special access program for apparel. Through seven editions and with more than 100,000 copies in print, this guidebook has become essential reading for any firm considering doing business in the Caribbean Basin.

The CBI offers new, exciting, and potentially profitable opportunities to both U.S. and Caribbean Basin firms. We in the U.S. Department of Commerce and the U.S. Agency for International Development urge you to take full advantage of the programs described in this guide; we stand ready to assist wherever possible.

U.S. Department of Commerce
International Trade Administration

U.S. Agency for International Development
Bureau for Latin America and the Caribbean

Table of Contents

I. THE CARIBBEAN BASIN INITIATIVE: BASIC FACTS

Q: What is the Caribbean Basin Initiative (CBI)?

A: It is a broad program to promote economic development through private sector initiative in Central America and the Caribbean islands. The goal is to expand foreign and domestic investment in nontraditional sectors, diversifying CBI country economies and expanding their exports.

The major elements of the program are:

1. **Duty-free entry to the United States** in perpetuity for a wide range of products manufactured in CBI countries as an incentive for investment and expanded export production. (For details, see Chapter II.)

2. **U.S. economic assistance** to the region to aid private-sector development by financing essential imports and by establishing development banks, chambers of commerce, skills training programs, industrial free zones, and other essential infrastructure. (See Chapter III, section on the U.S. Agency for International Development.)

3. **Caribbean Basin country self-help efforts** to improve the local business environment and support efforts by investors and exporters.

4. **A deduction on U.S. taxes** for companies that hold business conventions in qualifying Caribbean Basin countries to increase tourism. (See Chapter III, section on the U.S. Treasury Department.)

5. **A wide range of U.S. Government, state government, and private sector promotion programs,** including trade and investment financing, business development missions, technical assistance programs, and a U.S. Government special access program for textiles and apparel. (See Chapters III and IV.)

6. **Support from other trading partners and multinational development institutions,** such as the Inter-American Development Bank and World Bank. For example, Canada has implemented CARIBCAN, a package of trade development and economic assistance measures for countries in the Caribbean Basin, including duty-free entry for products to Canadian markets. The European Economic Community (EEC) provides CBI countries duty-free access for a multitude of products through the LOME Convention.

Q: How does the CBI benefit the United States and U.S. business?

A: The CBI contributes to economic growth and political stability in a nearby strategically important region, enhancing our country's security. It creates opportunities for increased U.S. exports. (See Appendix D, U.S. Exports.)

The United States is a favored supplier to the Caribbean Basin, providing a substantial portion of imports in most markets. As Caribbean Basin economies develop, demand for U.S. goods and services will grow. U.S. investment in the region as an alternative to Far Eastern investment can help increase U.S. competitiveness and create jobs in both the United States and Caribbean Basin countries.

Finished goods sent to the United States from Far Eastern manufacturers tend to be made almost entirely from Asian-sourced raw materials and components. In contrast, production sharing arrangements between U.S. and Caribbean Basin firms tend to include U.S. components and raw materials. The more sophisticated parts of the production process are done in the United States, creating or preserving jobs in U.S. factories. A U.S. Department of Labor study noted that apparel and electronics goods assembled in Caribbean Basin countries under the 9802 program[1] (Chapter II) averaged more than 70 percent U.S. content, compared with less than 25 percent for similar goods imported from other sources.

---

[1] Formerly known as 807 and 807-A programs.

U.S. companies investing in the region will find labor rates and productivity comparable to or better than those in the Far East, governments that welcome foreign investment, and opportunities for duty-free access to other major markets, including Canada under the CARIBCAN program and Western Europe under LOME IV.[2] In addition, the proximity of the Caribbean Basin to the United States can result in a savings in executive travel time and product turnaround time compared with Asia. Although they vary from country to country, transportation links with major U.S. ports of entry in most CBI countries are good.

Q: Which Caribbean Basin countries qualify for the exemptions from U.S. customs duties?

A: As of October 1990, 23 countries qualify. They are:

Antigua and Barbuda	Guyana
Aruba	Haiti
Bahamas	Honduras
Barbados	Jamaica
Belize	Montserrat
British Virgin Islands	Netherlands Antilles
Costa Rica	Panama[3]
Dominica	St. Kitts-Nevis
Dominican Republic	St. Lucia
El Salvador	St. Vincent/Grenadines
Grenada	Trinidad and Tobago
Guatemala	

Four additional countries are potentially eligible for CBI trade benefits but have not formally requested designation. These are:

Anguilla	Suriname
Cayman Islands	Turks and Caicos Islands

Nicaragua has requested official designation as a CBI beneficiary. The administration is now reviewing that request.

[2] Different rules of origin apply under the LOME IV and CARIBCAN programs.

[3] Panama was reinstated into the CBI program on March 17, 1990.

To qualify, countries must meet the designation criteria set forth in Appendix G.

Q: How well is the CBI working?

A: There is no dramatic difference yet in living standards in the Caribbean Basin, but the CBI is having an impact. Significant increases in trade have been diluted by the adverse effects of declining commodity prices (especially petroleum), reduced U.S. sugar quotas, and declining tourism revenues in Central America. These factors have tended to obscure growth in nonpetroleum and nontraditional exports, which over time should give the region a more balanced production and export base.

CBI country exports to the United States declined $1.9 billion between 1983, prior to the start of the CBI, and 1989. This decline can be accounted for entirely by the drop in the value of U.S. oil imports from three of the 23 CBI beneficiary countries. However, U.S. nonpetroleum imports from the Caribbean Basin grew at an average annual compound rate of 14.2 percent, or by 122.3 percent over the seven-year period. Exports of some nontraditional products such as apparel, winter vegetables, fruits, seafood, and wood furnishings performed even better. Apparel exports to the United States nearly tripled during this period.

There is strong interest among U.S. investors in the Caribbean Basin. Since 1982, the U.S. Overseas Private Investment Corporation (OPIC) has provided $209 million in financial support for 80 projects in the region and insured 192 investments totaling $290 million. In a 1990 Department of Commerce study, it was determined that since the inception of the CBI program, 789 new foreign exchange generating investments have been undertaken, totaling an estimated $2.2 billion and creating more that 142,000 new jobs.

Thus, the fundamental purposes of CBI--diversifying the production and export base of the region, and increasing exports of new products--are being fulfilled, despite the disappointing results in terms of overall export earnings.

Q: Which industries appear to have the most promising growth potential for the region?

A: U.S. and Caribbean Basin companies are having success in the following areas that are labor-intensive, use indigenous Caribbean Basin resources, or both:

- Apparel and other made-up textile items
- Electronic and electro-mechanical assembly
- Data processing/keystroke operations
- Handicrafts, giftware, and decorative accessories
- Wood products, including furniture and building materials
- Recreational items, sporting goods, and toys
- Tourism
- Seafood
- Tropical fruit products
- Winter vegetables
- Ethnic and specialty foods--sauces, spices, liqueur, jams, confectionery items, etc.
- Ornamental horticulture
- Leather goods
- Medical and surgical supplies
- Footwear

Q: What criteria must a product meet to be eligible for duty-free entry into the United States under the CBI?

A: Certain categories of products are excluded from duty-free entry. These excluded items are:

- Textiles and apparel [4]
- Canned tuna
- Petroleum and petroleum products
- Footwear [5]
- Certain leather, rubber, and plastic gloves[6]
- Luggage, handbags, and leather flat goods[6]
- Certain leather wearing apparel[6]
- Watches and watch parts, if any component originated in a communist country

Duty-free entry of sugar, beef, and ethanol is covered by special rules. All other products may qualify, as long as: (1) they are grown, produced, or manufactured in one or more of the 23 qualifying countries and exported directly to the United States; (2) direct processing costs in one or more CBI countries total at least 35 percent of the article's customs value, or 20 percent with the additional 15 percent attributable to U.S.-made components;[7] and (3) the final product must be an article of commerce that is "new and different" from any foreign materials used in its manufacture; achieving this transformation must entail significant effort. Under a provision in the Caribbean Basin Economic Recovery Expansion Act of 1990 (CBI II), articles produced wholly of U.S. components and materials are also eligible for duty-free treatment (with the exception of textiles and apparel and petroleum and petroleum products.) (For further details on CBI II see Appendix E.)

Before undertaking a CBI project, companies should obtain an advance ruling from the U.S. Customs Service on the eligibility of their product for duty-free entry. An advance ruling can be obtained from:

Value and Special Classification Branch
Classification and Value Division
U.S. Customs Service
1301 Constitution Avenue, NW.
Washington, DC 20229
Tel: (202) 566-2938

Requests for advance rulings must be in writing and provide details on the production process and on the direct costs of processing used to meet the 35 percent value-added requirement. It may be advisable to have an experienced U.S. customs broker or expert trade attorney review the request prior to submission.

---

[4] Except textiles and apparel made from silk blends or vegetable fibers other than cotton (for example, ramie) which are eligible for duty-free treatment. In addition, bilateral agreements can be negotiated for duty-free entry of traditional hand-loomed, hand-sewn articles.

[5] Disposable footwear and footwear parts, such as uppers, are eligible for duty-free entry, however. Footwear assembled of 100 percent U.S. components are also now eligible for duty-free treatment.

[6] Tariff rates on leather-related products (excluding footwear) will be reduced by a maximum of 20 percent over the next five years. (For detials see appendix E.)

[7] Inputs from Puerto Rico or the U.S. Virgin Islands are considered CBI country products in this calculation, and may count toward the full 35 percent.

Q: What advantage is there in apparel production in CBI countries given that most garments are not eligible for duty-free treatment under the CBI?

A: While the U.S. Government maintains strict quotas on apparel imports from the traditional high-volume producing countries in the Far East and elsewhere, a more liberal approach is being taken with CBI countries. Few categories of apparel from CBI countries currently are subject to quota, and apparel categories subject to quota are likely to receive more favorable growth rates. The most favorable treatment is being given to apparel sewn in CBI countries from cloth formed (woven or knitted) and cut in the United States. CBI countries may negotiate liberal Guaranteed Access Level (GALs) with the United States for this apparel. (See Chapter IV for additional details.) In addition, under the 9802 program (formerly known as 807), U.S. customs duties are paid only on the value-added in the foreign country, not on the U.S. components.

Q: What can U.S. firms do to take advantage of the CBI?

A: As a first step, U.S. companies should familiarize themselves with the types of assistance described in this guidebook, make a list of potentially relevant programs and follow up with direct contacts to obtain more detailed information.

For companies interested in selling goods or services in the Caribbean Basin, the U.S. Department of Commerce has a variety of services available to help locate buyers or distributors and to publicize new products in international markets. These services are available from the nearest U.S. and Foreign Commercial Service district office. (See Appendix F.)

For companies interested in investing in or importing from Caribbean Basin countries, the U.S. Department of Commerce's Latin America and Caribbean Business Development Center (LACBDC) in Washington can provide program information and assistance in locating product sources or joint-venture partners. The LACB-DC can be reached at (202) 377-0703.

Information on the trade and investment climate, local commercial legislation, and other country-specific data on CBI countries is available from Commerce Department country desk officers at (202) 377-2527.

In-country advice and assistance are provided by commercial officers in U.S. Embassies throughout the region. In some embassies, this function is filled by State Department personnel or U.S. Agency for International Development private sector officers.

Firms interested in agribusiness ventures should contact the Caribbean Basin specialists at the U.S. Department of Agriculture, Private Sector Relations Division at (202) 653-7873.

II. DUTY-FREE ENTRY INTO THE U.S. MARKET: CBI, GSP, AND 9802[1]

Caribbean Basin Initiative

The Caribbean Basin Economic Recovery Act of 1983 provides customs duty-free entry to the United States for a broad range of products from CBI beneficiary countries. The duty-free entry provisions went into effect January 1, 1984, and will be in force in perpetuity.

Products eligible for customs duty-free entry may still be subject to federal excise taxes. (The most notable example is rum and other liquors.) Furthermore, products are still required to comply with all applicable laws, regulations, and standards such as those designed to protect U.S. consumers and industry from unfair trading practices and potentially harmful or unsafe products.

Not all products are eligible for duty-free entry into the United States under the CBI. The law specifically excludes the following articles from duty-free entry:[2]

- Most textiles and apparel [3]
- Canned tuna
- Petroleum and petroleum products
- Footwear except disposable items and footwear parts such as uppers
- Certain leather, rubber, and plastic gloves
- Luggage, handbags, and flat goods
- Certain leather wearing apparel
- Watches and watch parts, if any component originated in a communist country

Ethanol, sugar, beef, and veal may be eligible for duty-free treatment but special conditions apply. Manufacturers of products excluded from duty-free entry may still be eligible for other types of assistance offered under the CBI and described in this guidebook. Products excluded from duty-free entry nevertheless may be very competitive in the U.S. market due to low production costs that provide a natural price advantage to Caribbean Basin producers. To be eligible for duty-free treatment, an article must be grown, produced, or manufactured in one or more CBI beneficiary countries and imported directly into the United States. At least 35 percent of the cost or value of the article must be attributable to direct costs of processing in one or more countries qualifying for CBI trade benefits. U.S.-origin materials may be counted toward 15 percentage points of the 35, leaving 20 percent of the value to be added in a CBI country. Materials from Puerto Rico and the U.S. Virgin Islands may count toward the full 35 percent.

(Note: Under new legislation passed in August 1990 (CBI II), the 35 percent value-added and substantial transformation requirements discussed previously do not apply for products manufactured wholly from U.S. components (other than textiles and apparel and petroleum and certain products derived from petroleum) and ingredients (other than water). For a full description of provisions of CBI II, see Appendix E.)

If the article contains or is made from materials originating from a non-CBI country, the final product must be an article of commerce "new and different" from the foreign materials used in its manufacture. Achieving this transformation must entail a significant effort. This is called the "substantial transformation" requirement, and is enforced by the U.S. Customs Service (See next page.)

The 35 percent value-added and substantial transformation requirements are intended to ensure that operations established to take advantage of the CBI trade benefits are substantial enough to provide real economic benefit to the CBI countries. Simple "pass through" operations in which goods from for-

---

1 Under the Harmonized Tariff Classification System, 806.30 is now 9802.00.60.00; 807 is 9802.00.80.50; and 807-A or GALs is 9802.00.80.10

2 Under new legislation enacted in August 1990 (CBI II), articles produced from 100 percent U..S. components (other than textiles and apparel and petroleum and petroleum products) are now eligible for duty-free entry into the United States. (See Appendix E for details on this and other provisions of CBI II.)

3 Textiles and apparel made of silk blends or vegetable fibers other than cotton (for example, ramie) are eligible for duty-free entry. Bilateral agreements can be negotiated for duty-free entry of traditional hand-loomed, hand-sewn articles.

eign countries receive minimal processing or packaging before reexport to the United States, might otherwise injure U.S. industries while contributing little to economic development in the Caribbean Basin.

Substantial transformation. The U.S. Customs Service's administrative law defining substantial transformation is complex. Therefore, it is advisable to seek expert advice and obtain an advance ruling from the U.S. Customs Service for products containing or manufactured from foreign inputs.

Examples of operations which do not qualify as substantial transformations are:

- Putting batteries in devices
- Fitting together a small number of components by bolting, gluing, or soldering
- Blending domestic with foreign substances such as reconstituting fruit juices by adding water to juice concentrate
- Diluting chemicals with inert ingredients to bring them to standard degrees of strength
- Painting or applying decals or labels

Examples of operations that might qualify are:

- Assembling a large number of components onto a printed circuit board
- Mixing two bulk medicinal substances, followed by packaging the mixed product into individual doses for retail sale
- Adding water or other substances to a chemical compound under pressure, which results in a reaction creating a new chemical compound
- A simple combining, packaging, or dilution operation (which would not of itself qualify), coupled with another type of processing such as testing or fabrication. For example, a simple assembly of a small number of components, one of which was fabricated in a CBI country

Double substantial transformation. Double substantial transformation can be used to increase the amount of CBI beneficiary country value-added to reach the'35 percent requirement. This is illustrated in the following example:

A raw, perishable hide is shipped from Venezuela to Grenada where it is tanned to create "crust" leather. The crust leather is then shipped to the United States. The crust leather is an article of commerce new and different from the raw hide. Substantial transformation has occurred, and the leather is now considered a product of Grenada, not Venezuela. Although the substantial transformation requirement has been met, it is doubtful that enough value has been added in Grenada through the direct costs incurred in the tanning process to satisfy the 35 percent requirement for duty-free entry into the United States under the CBI. The cost of the raw hide may not be included in the percent-value calculations because the hide is a product of Venezuela, a country ineligible for CBI benefits. Thus, the crust leather would probably be fully dutiable.

However, suppose that instead of shipping the crust leather to the United States, the leather is cut and sewn in Grenada to produce a belt that is shipped directly to the United States. In this instance, the cost of the raw hide (including shipping costs from Venezuela to the Grenada factory) may be counted toward the 35 percent value-added requirement. This is allowed as a result of a double substantial transformation. Tanning the raw hide to produce crust leather is the first substantial transformation. The crust leather is considered a product of Grenada, so in the second substantial transformation (from crust leather to leather belt) the full cost of the crust leather may be counted toward the 35 percent, including the cost of the hide, its transportation, tanning, cutting, etc.

In this instance, the double substantial transformation is critical to meet the 35 percent value-added test.

35-percent value-added. For products that are wholly (100 percent) the growth, product, or manufacture of CBI countries or the United States, no calculation of the direct costs of processing is required. (For example, juices made entirely from fruits grown in CBI countries or the United States, jewelry boxes made entirely of wood grown in CBI countries or the United States, etc.)

The value-added in one or more CBI countries must be calculated, however, for any product incorporating materials or components from non-CBI countries (including the United States for items with less than 100 percent U.S. inputs). Information on the total amount of CBI country value-added must be provided on the Certificate of Origin Form A (Revised) submitted to the U.S. Customs Service upon entry of the goods to the United States. (See section on documentation below.)

In calculating the percent of value-added, only "direct costs of processing operations" may be counted toward meeting the 35 percent requirement. These include costs directly incurred or reasonably allocated to the production of the article, such as the cost of labor directly involved in production; direct supervision of processing; rent for factory space (production area only, not administrative offices); electricity directly used in processing; dies, molds, tooling, and depreciation thereof; research and development; and inspection and testing. Administrative expenses (including supervision, rent for administrative space, electricity, etc.); profit, insurance, advertising, and salesperson's salaries are not considered direct costs of processing operations, and therefore may not be counted toward the 35 percent value-added required.

Documentation. Normally, the U.S. Customs Service will allow an eligible CBI product to enter duty free, pending final liquidation, if accompanied by a properly completed Certificate of Origin Form A (Revised). The CBI countries are responsible for printing and supplying this form, or copies may be purchased from the following commercial printers:

Formular-Verlag Purschke and Hensel
Barbacher Strasse 232
D-5300 Bonn
Germany

Wilhelm Kohler Verlag
495 Minden 2
Postfach 1530
Bruckenkopf 2a
Germany

Che San and Company
10 Pottinger Street
Hong Kong

Cheung Lee Printing Company
210 A Li Po Chun Chambers
185-195 Des Voeux Road, Central
Hong Kong

Winson Printing Company
80-82 Wharf Road
North Point
Hong Kong

The exporter in the CBI country crosses out the words "Generalized System of Preferences" where they appear on Form A and substitutes the words "Caribbean Basin Initiative." The letter "C" is inserted as a prefix to the applicable tariff schedule item number.

The U.S. Customs district director may require more detailed information to support the statements made on Form A. In addition, where necessary value is added in a bonded warehouse or foreign trade zone in Puerto Rico after final exportation of the article from a beneficiary country, a detailed declaration prepared by the party responsible for the addition of such value shall be filed in lieu of Form A.

Detailed and well documented evidence sufficient to prove that the product meets the 35 percent test must be kept on file by the Caribbean Basin exporter for seven years or until final liquidation by the U.S. Customs Service. As a practical matter, the documentary evidence usually need be kept on file no longer than a few months, by which time liquidation normally has occurred.

In most cases, the information provided by the CBI country exporter to the U.S. Customs Service at the time of product entry will be sufficient for duty-free entry. The U.S. Customs Service has the authority, however, to require a detailed accounting and, if necessary, full documentary evidence that the product meets the requirements for entry. The Customs Service will require posting of a bond equal to the amount of normal duty. This bond will be refunded if the Customs Service finds that the shipment meets all requirements.

Generalized System of Preferences

The Generalized System of Preferences (GSP) allows some 2,800 products into the United States duty-free from developing countries throughout the world. The CBI differs from GSP in several important ways. Whereas GSP applies worldwide, CBI duty-free entry is limited to Caribbean Basin countries. The current CBI program has no expiration date, whereas GSP is scheduled to expire in 1993. The product coverage under the CBI also is broader.

Direct importation, substantial transformation, and 35 percent value-added requirements apply to both GSP and the CBI, but the CBI is more liberal in several respects. First, GSP requires that the 35 percent value-added be from a single beneficiary country. Under the CBI, the 35 percent test can be met through processing in several beneficiary countries. Second, under CBI up to 15 percent of the 35 percent value-added requirement can be accounted for by U.S. materials. Fourth, materials from U.S. insular possessions such as Puerto Rico and the U.S. Virgin Islands may count as beneficiary-country input when computing value-added under the CBI. Fifth, goods produced in CBI countries of 100 percent U.S. components, materials, or ingredients (other than water, and excluding textiles and apparel and petroleum and certain petroleum products) may enter the United States duty and quota free.

Finally, under GSP a country may be "graduated" from duty-free entry privileges for a particular product or from the entire GSP program, as has recently occurred with Singapore, Hong Kong, Taiwan, and Korea. Each year, duty-free benefits are eliminated for some products from the more competitive developing countries that have achieved greater market penetration in the United States. This process can open new opportunities for products from Caribbean Basin countries, which enjoy greater certainty of continuing duty-free access under the CBI.

HTS Item 9802 (formerly 806.30 and 807)

The Harmonized Tariff Schedules of the United States (HTS)[4] item 9802 provides for reduced duties for U.S.-origin products assembled or processed outside of the United States under certain circumstances. Under these provisions, customs duties are paid only on the value added to the goods as a result of processing or assembly in the foreign location. Duty is not assessed on the value of the exported and reimported U.S. content. The normal HTS duty rate for the particular article is applied, but since only the value-added outside of the United States is dutiable, the total amount of duty paid will be lower than for the same article entered into the United States without advantage of the 9802 program.

Generally speaking, HTS item 9802.00.60.00 covers metal articles manufactured in the United States, exported for processing, then returned to the United States. Processing allowed outside of the United States under this program includes melting, machining, grinding, drilling, tapping, threading, etching, cutting, punching, rolling, forming, plating, and galvanizing.

The rate of duty applied when the article is returned to the United States under this item is the rate which normally applies, but the duty is assessed only on the difference in value between the finished, reimported item, and the original U.S. export. A typical operation would involve the export of U.S.-produced metal ingots for casting in a foreign country and returned to the United States for finishing. Additionally, as part of the new legislation passed in August 1990 (CBI II), goods processed under 9802.00.60.00 of 100 percent U.S. components and using 100 percent U.S. ingre-

---

[4] The Harmonized Tariff Schedules of the United States provide the customs duty rates for all products according to a six digit classification code. The HTS also tell which items are eligible for CBI or GSP, or subject to quota. U.S. Customs Service offices at ports of entry throughout the United States will have a copy available of the tariff schedule for consultation, or it can be ordered from the U.S. Government Printing Office.

dients in the processing operation are eligible for complete duty-free treatment upon reentry into the United States. For further details on the provisions of CBI II, see Appendix E.

Items 9802.00.80.10 and 9802.00.80.50 permit reduced duty treatment for operations in which textile components are manufactured in the United States, assembled abroad, and then returned. A typical operation might involve cutting fabric to pattern in the United States, sewing the components into finished garments in a Caribbean Basin country, and returning the garments to the United States for packaging and distribution.

These classifications apply only when the U.S.-manufactured components do not lose their physical appearance or identity in the foreign assembly process. Foreign assembly operations may include sewing, gluing, force-fitting, laminating, crimping, screwing, nailing, riveting, soldering, welding, or the use of fasteners. Operations incidental to the assembly process such as cleaning, removing rust or grease, applying preservative paint or coating, trimming or filing, final calibration, testing, sorting, and folding of assembled articles are also allowed.

To calculate the duty, the U.S. Customs Service starts with the full value of the entering merchandise and subtracts the cost or value of those components that are products of the United States and meet all item 9802 requirements. Duty is paid only on the remaining value (the value-added outside of the United States) at the normal duty rate for that article.

For products produced or processed with 100 percent U.S. components and ingredients (other than textiles and apparel and petroleum and related products), no duties will be levied.

III. U.S. GOVERNMENT PROGRAMS FOR BUSINESS DEVELOPMENT

The following paragraphs describe in brief types of assistance available from U.S. Government agencies for CBI-related projects.

U.S. Department of Commerce

The U.S. Department of Commerce has a network of expert trade specialists in 66 American Embassies worldwide and 68 cities in the United States, linked by an electronic message system that allows for worldwide rapid exchange of commercial information. The primary mission of this network is to increase U.S. exports, but as part of the CBI, this mission has been expanded to include facilitating U.S. investment in and imports from CBI countries.

In Washington, the Commerce Department has two offices to assist companies with CBI trade and investment projects. *The Latin America/Caribbean Business Development Center* (LACBDC) is primarily responsible for promoting business trade and investment in the Caribbean Basin and for providing program information to U.S. firms. *The Caribbean Basin Division* consists of country desk officers responsible for U.S. commercial policies in the region. These desk officers can provide detailed information on the trade and investment climates in individual countries. Both offices also implement programs to facilitate U.S.-Caribbean Basin trade and investment. These programs and services are described below.

The Latin America/Caribbean Business Development Center

The LAC Business Bulletin is a publication, jointly provided by the U.S. Department of Commerce and the U.S. Agency for International Development, designed to inform U.S. and Caribbean Basin firms of sourcing, investment, and joint venture opportunities in the region. The *Bulletin* is mailed monthly from Washington to more than 6,000 subscribers in the United States and Caribbean Basin. Each edition typically features several business opportunity listings, as well as CBI-related news and a calendar of upcoming trade missions, seminars, trade shows, and conferences. Subscriptions are available free by writing to the LACBDC at the address listed below. (No phone calls please).

For U.S. companies with specific procurement needs or investment proposals, *the Active Match Program* can provide contacts with Caribbean Basin suppliers or potential joint-venture partners, at no charge.

Caribbean Connections events, designed to connect U.S. buyers with Caribbean Basin suppliers, consist of industry-specific trade missions and Caribbean Basin product exhibits at major U.S. industry shows. Information on upcoming events is available from the *LAC Business Bulletin* or by contacting the LACBDC events manager.

The Latin America / Caribbean Business Promotion Council, chartered under the Federal Advisory Committee Act, consists of 15 senior executives with business experience in the region. The council provides expert advice and assistance to the U.S. Government on programs to increase trade and investment in the region, and promote the Caribbean Basin within the business community. The LACBDC serves as secretariat.

The Caribbean Basin Division

The Caribbean Basin Division is involved in infrastructure development initiatives in selected countries in the areas of telecommunications, transportation, renewable energy, and food processing. These generally involve projects for joint private/public sector action.

The Caribbean Basin Division also performs studies on incentives and disincentives to investment to help CBI country governments identify and change local policies and procedures deterring increased foreign investment.

Washington contacts:

U.S. Department of Commerce
Latin America/Caribbean
Business Development Center
Room H 3203
Washington, DC 20230
(202) 377-0703, Fax: -2218

U.S. Department of Commerce
Caribbean Basin Division (country specialists)
Room H 3020
Washington, DC 20230
(202) 377-2527

U.S. Agency for International Development

U.S. Agency for International Development (USAID) programs are administered by USAID Missions in 70 countries around the world. In Latin America and the Caribbean, USAID has field offices with individual private sector offices that coordinate their activities with USAID's Bureau for Latin America and the Caribbean, Office of Trade and Investment in Washington, D.C. There also are regional USAID offices located in Guatemala (covering Central America) and Barbados (covering the small islands of the eastern Caribbean). These private sector offices are available to help businesses obtain information and assistance regarding trade and investment opportunities in the Caribbean Basin.

USAID's program in support of CBI is designed to stimulate economic growth, promote higher standards of living, improve foreign exchange earnings, and to serve as a catalyst to the growth of trade and investment in the region.

USAID's support for private sector initiatives is wide ranging and is tailored to each country. Support includes:

1. *Financial assistance to CBI countries for short-term stabilization and economic recovery.* This helps finance imports of raw materials and intermediate goods for the private sector.

2. *Improving the business climate.* USAID supports policy reforms and incentives to restore domestic business confidence, rationalize interest and foreign exchange rates, attract foreign investment, and develop new trading patterns. USAID also helps to improve public administration and upgrade the infrastructure needed to attract private investments.

3. *Assistance to the business community.* USAID funds programs that upgrade human resource skills and managerial capabilities, overcome technical marketing and export obstacles, and capitalize financial intermediaries that provide credits to business enterprises in the country.

Typical programs funded by USAID include, but are not limited to:

- Establishing CBI country export and investment promotion offices in the country and other countries
- Providing balance-of-payments support for imports of essential raw materials and intermediate goods
- Providing capital for private sector develop ment banks and other credit facilities for small and medium-size business and agriculture
- Establishing domestic marketing and financing programs, including trading companies
- Management and technical training programs
- Establishing and strengthening private-sector voluntary organizations (such as chambers of commerce) to promote exports, investment, and improve business climates, and to provide market research and other forms of technical assistance to members
- Funding for infrastructure development, such as roads, port facilities, irrigation projects, and free zone facilities
- Funding for project feasibility studies
- Providing technical advisors in management, finance, agribusiness, etc. to business and government
- Privatization of government-owned or managed enterprises
- Programs for work force development

For further information, contact:

U.S. Agency for International Development
Bureau for Latin America and the Caribbean
Office of Trade and Investment
Room 3253
Washington, DC 20523
(202) 647-9144

Office of the U.S. Trade Representative

The U.S. Trade Representative (USTR) is part of the Executive Office of the President and is responsible for coordinating U.S. trade policy. USTR oversees the following two programs with particular relevance to CBI country governments:

Bilateral Investment Treaties (BITs) negotiated between the United States and foreign countries serve as incentives for U.S. companies to locate in signatory countries. BITs ensure U.S. firms that they will receive fair treatment by the signatory government.

Guaranteed Access Levels (GALS) for Textiles and Apparel negotiated between the United States and CBI countries can provide an incentive for the development of the textile and apparel industry in signatory countries. The next chapter contains more information on this program.

Washington contacts:

<u>*For BITs and general trade policy issues:*</u>
Office of the U.S. Trade Representative
Assistant U.S. Trade Representative for
Latin America, the Caribbean, and Africa
600 17th Street, NW.
Washington, DC 20506
(202) 395-5190

<u>*For Guaranteed Access Levels:*</u>
Office of the U.S. Trade Representative
Chief Textile Negotiator
(same location as above)
(202) 395-3026

U.S. Department of Labor

The U.S. Department of Labor can help companies design labor force development and training programs, including programs to develop small-business entrepreneurial skills, increase labor and management productivity, and improve labor-management relations in the workplace. The department also can provide U.S. firms with information on labor force characteristics in specific countries.

The department also monitors labor conditions in the Caribbean Basin and is responsible for producing an annual report on the impact of the CBI on U.S. labor. Regional labor attaches represent the department in American Embassies.

Washington contact:

U.S. Department of Labor
Bureau of International Labor Affairs
Room S-5006
Washington, DC 20210
(202) 523-6201

U.S. Treasury Department

The U.S. Treasury Department has lead responsibility for negotiating bilateral *Tax Information Exchange Agreements (TIEAs)* with governments of CBI beneficiary countries. TIEAs ensure that the tax authorities of both the United States and the CBI country can gain access to information necessary to enforce their respective tax laws. U.S. taxpayers attending business meetings and conventions in CBI countries that enter into TIEAs may deduct legitimate business expenses incurred at the meeting or convention without regard to the more stringent rules generally applicable to foreign conventions.

Also, the CBI country that enters into a TIEA is an eligible site for the incorporation and home office of a Foreign Sales Corporation (FSC). In addition, a qualifying project located in a CBI country that enters into a TIEA may be eligible for financing under Puerto Rico's section 936 program. (See Appendix G.) As of October 1990, the CBI countries with which the United States has a TIEA in force are Barbados, Jamaica, Grenada, Dominica, the Dominican Republic, and Trinidad and Tobago.

Washington contact:

U.S. Treasury Department
International Tax Counsel
Room 3064
15th Street and Pennsylvania Avenue, NW.
Washington, DC 20220
(202) 566-5046

U.S. Trade and Development Program

The U.S. Trade and Development Program (TDP), within the U.S. Department of State, funds *feasibility studies* for development projects in the third-world countries that lead to the export of U.S. goods and services. TDP has committed more than $7.4 million since 1981 to assess the feasibility of 50 projects in Central America and the Caribbean islands. Project areas include agribusiness development, infrastructure (energy, communications, port development, etc.), and mining.

TDP works with governments and governmental organizations in funding infrastructure studies. It also works with U.S. investors in co-financing studies leading to specific investment decisions.

Washington contact:

U.S. Department of State
U.S. Trade and Development Program
Room 309, SA 16
Washington, DC 20523
(703) 875-4357

Export-Import Bank of the United States

The U.S. Export-Import Bank of the United States (Eximbank) provides *credit support to U.S. exporters and Caribbean Basin buyers* in the form of loans, guarantees, and insurance. Eximbank credit support can play a critical role in financing capital goods, spare parts, and raw materials imports needed for CBI-related development projects.

Eximbank supported about $503 million worth of CBI-country imports of U.S. goods and services through its loan, guarantee, and insurance programs during 1989. Of this, $11 million was in medium-term authorizations, direct credits, and financial guarantees to finance shipments of capital goods. Eximbank also insured short-term shipments totaling $497 million. These short-term programs financed imports of consumer goods, raw materials, spare parts, and agricultural commodities.

U.S. companies interested in taking advantage of Eximbank programs should first inquire at their local bank, or they may contact Eximbank directly:

Washington contact:

Export-Import Bank of the United States
Washington, DC 20571
(202) 566-8943 (Medium-term and project assistance)
(202) 566-8955 (Short-term insurance)

Overseas Private Investment Corporation

The Overseas Private Investment Corporation (OPIC), a self-sustaining U.S. Government agency, promotes private sector economic growth in developing countries by encouraging U.S. investment. OPIC assists investors through four principal programs: (1) *Insurance of investments against certain political risks* (for currency inconvertibility, expropriation, and war, revolution, insurrection, and civil strife); (2) *financing investments through direct loans or loan guarantees*; (3) a program of *investment missions*; and (4) *an investor information service.*

OPIC insurance and finance programs are available for new ventures that are commercially and financially sound, or for the expansion of existing viable businesses. In all instances, the projects that OPIC supports must assist in the social and economic development of the host country as well as be consistent with the economic interests of the United States.

OPIC financing is available only for ventures involving significant equity and management participation by U.S. businesses. Insurance is limited to the U.S. equity participation in the venture. Projects must be within the demonstrated competence of the proposed management, which must have a proven record of success in the same or closely related business, as well as a significant continuing financial risk in the enterprise.

Since 1982, OPIC has provided $209 million in financial support for 80 projects in the region and insured 192 investments totaling $290 million. In a 1988 Department of Commerce study, it was determined that since the inception of the CBI program, 646 new foreign exchange generating investments have been undertaken, totaling an estimated $1.5 billion, and creating more than 116,000 new jobs.

Washington contact:

Overseas Private Investment Corporation
1615 M Street, NW.
Fourth Floor
Washington, DC 20527
(202) 457-7010
(800) 424-6742

U.S. Customs Service

The U.S. Customs Service, an agency of the Department of the Treasury, is responsible for the enforcement of customs and related laws, including the assessment and collection of duties, taxes, and fees on imported merchandise, and enforcing the regulations of numerous other federal agencies at ports of entry and along the land and sea borders of the United States.

The Customs Service also offers an essential handbook, *Importing into the United States*, that outlines U.S. customs regulations and procedures. The book provides information and advice on preparing commercial invoices and other documentation, packaging shipments, calculating transaction values and duty amounts, marking goods with country of origin, and special import requirements for products such as textiles and apparel, alcoholic beverages, food and drugs, and agricultural commodities, among others. The book may be found in most U.S. Embassy commercial libraries, or may be ordered from the U.S. Government Printing Office. (See Appendix C.)

Authoritative information on a particular customs question may be obtained by writing to the district director of the U.S. Customs Service at the expected port-of-entry for the goods in question, or to:

Director, Trade Operations
U.S. Customs Service
1301 Constitution Avenue, NW
Washington, DC 20229
(202) 566-8068 (general information)

The U.S. Customs Service will provide advance rulings on the duty-free entry status of goods under the CBI. By obtaining an advance ruling, Caribbean Basin exporters can be assured their product will receive duty-free entry if so entitled. Requests for rulings must be written and include a detailed description of the production process, country of origin and percent-value of foreign inputs, and means of achieving the required 35 percent value-added.

(Note: It is advisable to have an expert customhouse broker or trade attorney prepare or review the request prior to submission.)

Requests should be directed to:

U.S. Customs Service
Chief
Value and Special Classification Branch
Classification and Value Division
Washington, DC 20229
(202) 566-2938

U.S. Department of Agriculture

The U.S. Department of Agriculture (USDA) administers a broad range of CBI-related international programs in areas such as research and technical assistance in tropical agriculture, market information, economic analysis, agricultural commodity assistance to developing countries, and development and administration of import regulations to protect U.S. agriculture from foreign plant and animal diseases and pests.

The official representatives of USDA overseas are the agricultural attaches. In the Caribbean Basin, attaches are located in U.S. Embassies in Guatemala (also serving El Salvador, Honduras, and Belize), Costa Rica, the Dominican Republic (also serving Haiti and Jamaica), and Venezuela (serving the remaining Caribbean islands). The primary responsibility of these offices is to represent U.S. agricultural interests by reporting on pro-

duction and trade policies overseas and by facilitating U.S. Government commodity donations and long-term credit programs for purchasing U.S. agricultural products.

USDA field offices also serve as the contact points in foreign countries for questions regarding U.S. import regulations for fresh agricultural products and meat and poultry entering the United States. Specific questions are transmitted by the agricultural attache to appropriate representatives of USDA's Animal and Health Inspection Service (APHIS) or the Food and Safety Inspection Service (FSIS).

The office with specific responsibility for facilitating USDA activities in support of the CBI is the *Private Sector Relations* (PSR) Division of the Office of International Cooperation and Development, located in Washington, DC. PSR designs and implements a variety of programs to facilitate agribusiness development and related projects in less-developed and middle income countries. These include workshops in agricultural marketing, transportation and infrastructure, production and processing, and similar fields; business opportunity/investment missions; technical team visits; agribusiness site tours in the United States; and agricultural task forces.

The Private Sector Relations Division has two important resources, the CBI Agribusiness Information Center and the Agribusiness Promotion Council.

The CBI Agribusiness Information Center provides an information search service through access to agricultural data banks and to expertise provided by both the public and private sectors in the United States. The center is a clearinghouse for requests from U.S. and Caribbean business people, and provides information on technical and scientific expertise, agricultural investment, trade, and marketing. It also seeks to identify agribusiness opportunities and match U.S. and Caribbean companies.

The center has several publications available. PSR produces the *Agricultural Marketing Handbook for Caribbean Basin Products*, with information on volume, price, and sourcing trends of Caribbean Basin products entering the United States. (See Appendix C for ordering information.) The handbook also includes information on:

- U.S. import regulations and restrictions for agricultural products
- USDA-administered grades and quality standards
- How to obtain USDA reports on U.S. market conditions, including price and production data
- How to establish an in-country, preshipment clearance facility for fruit and vegetable exports to the United States
- Transportation and handling guidelines for perishables
- Certification for meat and poultry processing plants that export to the United States
- Key government and private sector contacts and sources of further information

Another publication available through the Information Center is *the Tropical Products Transport Handbook*, developed by USDA's Office of Transportation. (See Appendix C for ordering information.) Recommendations are given for 120 specific fruits and vegetables. Information is also given for potted plants, cut flowers, and florist greens.

USDA has also published a profile of U.S. markets for nine fruits and vegetables, representative of the nontraditional fresh product exports from the Caribbean Basin: avocado, cantaloupe, honeydew, lime, mango, broccoli, cauliflower, bell pepper, and cucumber. Data on these commodities are analyzed to determine patterns in consumption, production, importation, seasonality, and price. The publication, *"Fresh Fruits and Vegetables,"* can be obtained by contacting USDA. (See Appendix C for details.)

PSR also provides access to and support for the *Agribusiness Promotion Council (APC)*. The council is an advisory body of executives from approximately 20 agribusiness firms in the United States who assist the USDA on agribusiness issues in the Caribbean, advising on strategies and policies for facilitating the growth of agribusiness and improving the trade and investment climate in the Caribbean Basin region.

Washington contact:

U.S. Department of Agriculture
Private Sector Relations Division
Office of International Cooperation and Development
Room 342, McGregor Building
Washington DC 20250
(202) 653-7873

The offices are located at 2121 K Street, NW. in Washington, DC.

U.S. Peace Corps

The U.S. Peace Corps has approximately 1,000 volunteers contributing to Caribbean Basin economic development. They assist host country nationals in developing small and medium-size enterprises with a focus on agribusiness and handicrafts. Types of assistance provided by Peace Corps volunteers include:

- Preparing feasibility studies
- Technical assistance in production and marketing techniques
- Training in business management
- Finding U.S. co-venture partners

Washington contact:

U.S. Peace Corps
Training Officer
Inter-American Region
1900 K Street, NW.
Room 7320
Washington, DC 20526
(202) 606-3216

U.S. Information Agency

U.S. Information Agency (USIA) officers in American Embassies throughout the region provide information on CBI-related trade and investment issues through media events and publications. USIA organizes *ARNET interactives*, televised conferences in which audiences overseas are able to directly question business experts in Washington. Many USIA posts have an extensive collection of video cassettes and arrange invitational showings on specific topics.

The agency's *Wireless File*, a daily compilation of news articles and copies of major speeches and policy announcements, is regularly distributed to newspapers, magazines, and selected individuals in the government and professional fields. USIA publications, such as *Economic Impact*, and special pamphlets on selected topics are distributed by the posts to a targeted audience.

The U.S. Information Agency also organizes *exchange programs* for both Americans (the American Participant and Academic Specialist programs) and host country nationals (the International Visitors and Voluntary Visitors programs). These programs allow American and host-country private sector and government experts in a variety of business-related fields to exchange ideas and information with their counterparts and colleagues.

Washington contact:

U.S. Information Agency
Office of American Republic Affairs
Room 750
301 4th Street, SW.
Washington, DC 20547
(202) 485-7864

U.S. Department of Transportation

The U.S. Department of Transportation is a source of information and technical assistance for infrastructure development in the Caribbean Basin in the areas of port efficiency and management training, avionics, highway planning, engineering and maintenance, and other areas related to improved transportation. The Transportation Department also chairs the U.S. Government CBI Transportation Working Group (TWG). The TWG reviews transportation-related impediments to Caribbean and Central American investment, trade, and development; recommends solutions; and where appropriate, implements them. The TWG also serves as a forum for private and public sector interests to exchange views on transportation issues of mutual concern.

Washington contact:

U.S. Department of Transportation
Office of International Transportation and Trade
Room 10302
400 7th Street, SW.
Washington, DC 20590
(202) 366-9516

IV. OTHER U.S. GOVERNMENT PROGRAMS FOR CBI COUNTRIES

Government Procurement Initiative

Major restrictions on U.S. Government procurement from CBI countries have been eliminated, resulting in increased opportunities for U.S. firms to use Caribbean Basin goods and services in filling U.S. Government contracts.

The U.S. Government is the largest single purchaser of goods and services in the United States. Because of the importance of this sector of the U.S. economy, the U.S. Congress has placed major conditions on the award of procurement contracts. Under the Buy America Act of 1933, Congress stipulated that a preference must be accorded to domestic goods in all cases. In the Trade Agreements Act of 1979, however, Congress agreed to waive these "Buy America" provisions on about 10 percent of the U.S. Government procurement market for countries that agree to eliminate equivalent restrictions affecting their procurement of foreign goods. At the same time, Congress decided to deny all other countries (for example, those which did not agree to a reciprocal elimination of some restrictions, including CBI countries) any and all access to this part of the U.S. market.

However, President Reagan in 1986 waived this reciprocity requirement for CBI countries. This effectively provides CBI countries with the same access to the U.S. Government procurement market as domestic producers. Coupled with the duty elimination provisions of the CBI, this procurement initiative should help make CBI countries an even more attractive location for U.S. investment.

While certain types of procurement remain restricted to domestic sources, largely for national security reasons, this action opens a $20 billion market that was completely closed prior to this initiative.

Firms offering products from CBI countries are now able to bid directly on contracts valued at more than the threshold level of 130,000 SDRs[1], currently equivalent to about $187,000. Contracts below this threshold remain open to CBI products, but are subject to the "Buy America" preferences referred to earlier.

Contracts above the threshold that remain restricted include: (1) items considered essential to national security; (2) products excluded from CBI duty-free treatment under the 1983 Caribbean Basin Economic Recovery Act; and (3) contracts set aside to aid development of U.S. small business and minority companies. Opportunities for CBI subcontractors may still exist in these restricted areas, however, since the domestically produced end-products may contain foreign components and still qualify.

U.S. procurement policies are set forth in laws and regulations contained in the *Federal Acquisition Regulations* (FEACR). The FEACR may be ordered from the U.S. Government Printing Office, GPO stock number 922-006-00000-8. The cost is $90 for domestic delivery and $112.50 for foreign delivery (subject to change). Notices of contract opportunities and awards are published daily (except Sunday) in the *Commerce Business Daily*. The annual subscription price is $243.00 for first class mail delivery and $173.00 for second class (surface) mail (subject to change). For FEACR and *Commerce Business Daily* subscriptions write to:

U.S. Government Printing Office
The Superintendent of Documents
Washington, DC 20402
Tel: (202) 783-3238

---

[1] SDRs: Special Drawing Rights, units of account based on a basket of currencies, established by the International Monetary Fund. The dollar value of the SDR threshold level is determined annually by the Office of the U.S. Trade Representative and announced in the *Federal Register* just prior to January of each year.

The Latin America/Caribbean Business Development center (LACBDC) of the U.S. Department of Commerce also maintains a listing of U.S. Government procurement contacts for 13 federal agencies. To receive a copy, write to:

LACBDC
Room H-3203
International Trade Administration
U.S. Department of Commerce
Washington, DC 20230

A good source of information on U.S. Government procurement is the publication "Doing Business with the Federal Government," a 48-page guide detailing the requirements for selling to the U.S. Government and Government procurement procedures. Listings include all U.S. military branches, the Government Services Administration, and 19 other civilian agencies. The publication is available free from:

General Services Administration
ROB, Room 1050
7th and D Streets, S.W.
Washington, DC 20407
(202) 708-5804

Guaranteed Access Levels for Apparel

Most textile and apparel products were specifically excluded from duty-free entry under the Caribbean Basin Economic Recovery Act and continue to be subject to U.S. customs duties. The exceptions are textile products made of silk blends or of vegetable fibers other than cotton, which may enter duty free. Also, bilateral agreements may be negotiated to permit duty-free entry of certain traditional hand-loomed, hand-sewn articles.

In his 1982 address to the Organization of American States announcing the Caribbean Basin Initiative, however, President Reagan pledged to extend more favorable treatment to Caribbean Basin textile and apparel exports within the context of the overall U.S. textile policy.

Special agreements that can be negotiated can take three forms: (1) specific limits (SLs), which are absolute quotas either negotiated or unilaterally imposed and which increase by a certain percentage annually; (2) designated consultation levels (DCLs), which are negotiated levels that may be increased at any time at the request of the exporting country government and with the agreement of the U.S. Government; and (3) guaranteed access levels (GALs), which are special and relatively high levels of access reserved for products made of U.S. formed and cut fabric.

Since the United States is currently negotiating severe limits on the growth of apparel imports from many traditional suppliers, such as Hong Kong, Korea, and Taiwan, the more liberal treatment accorded CBI countries under these programs will provide an added incentive for U.S. apparel manufacturers to locate in the region.

GALs offer investors the most secure basis for new investment in CBI countries. In negotiating GALs, the U.S. Government is prepared to guarantee access for virtually all production capability of apparel and other made-up articles (such as bed linens or soft-sided luggage) assembled in CBI countries from U.S. formed and cut fabric. CBI countries must substantiate their GAL requests with reasonable evidence of currently underutilized capacity and new capacity scheduled to come on-stream.

CBI countries may request increases in GALs at any time with assurance that the U.S. Government is prepared to accede to these requests except in cases where serious injury would result to the U.S. apparel industry. A request for a GAL increase is automatically enacted unless the U.S. Government turns down the request within 30 days.

Since the fabric for the apparel and made-up items qualifying for GAL treatment must be formed and cut in the United States, these items also will qualify for HTS 9802 treatment. U.S. Customs duties will be levied only on the value-added in CBI countries, not on the fabric parts coming from the United States.

Under the GALs program, the U.S. exporter of the U.S. formed and cut fabric must be the same firm importing the finished article. In lieu of the standard form for 9802 imports (Form 3317, Foreign Assemblers Declaration and Certification), each outgoing shipment of U.S. formed and cut fabric must be accompanied by Form ITA-370P, the Special Access Program CBI Export Declaration, with the first section of the form (Shipper's Declaration) signed by a "responsible manager" of the firm. The U.S. exporter is responsible for obtaining the form and presenting it to Customs at the time of export so that a control number may be assigned to the shipment. The forms can be obtained from the following U.S. Government printing offices:

Superintendent of Documents
U.S. Government Printing Office
Washington, DC 20402

Room 100
Federal Building 275
Peach Tree Street, NE
P.O. Box 56445
Atlanta, GA 30343
(404) 331-6947

Room L C50
Federal Building
U.S. Courthouse
1100 Commerce Street
Dallas, TX
(214) 767-0076

Texas Crude Building
801 Travis Street
Houston, TX 77017
(713) 653-3100

Room 158 Federal Building
400 West Bay Street
Jacksonville, FL 32202
(904) 791-3801

Arco Plaza
C Level
508 S. Flower Street
Los Angeles, CA 90071
(213) 894-5841

The second section of the form is to be completed by the CBI country assembler (the Assembler's Declaration). In addition, the assembler must comply with the certification procedures required for goods subject to GALs and administered by the CBI country government.

The ITA-370P form and the certification must accompany the finished goods as part of the "entry package" to be presented when the goods are imported into the United States. The entry package also must include a country-of-origin textile declaration in accordance with standard U.S. Customs procedures.

Findings and trimmings (for example, sewing thread, snaps, zippers, lace trim, etc.) incorporated in the assembled GAL products need not be of U.S. origin, so long as they do not exceed 25 percent of the total cost of components of these products.

GALs, SLs, and DCLs will be established only as needed for specific categories of textile and apparel products. Notices of new quotas are published in the *Federal Register*. The United States has visa arrangements with each CBI government with which it has negotiated SLs, DCLs, and GALs. Visas (export licenses) from the appropriate CBI government are required for entry into the United States of all shipments subject to SLs or DCLs, while a certification is required for shipments subject to GALs. The U.S. Government plays no role in the allocation of any quotas, including GALs, among individual companies within CBI countries. CBI countries with which the United States now has GAL agreements include: Costa Rica, Dominican Republic, Guatemala, Haiti, Jamaica, and Trinidad and Tobago.

936 Financing

Under Section 936 of the U.S. Internal Revenue Service Code, certain U.S. corporations that derive a significant portion of their income from Puerto Rican business activities (Section 936 companies) are effectively exempt from U.S. income tax on the portion of their income derived from sources within Puerto

Rico.[2] Funds repatriated to the mainland by the U.S. parent of the Section 936 company are subject to a Puerto Rican "toll gate tax" at a maximum rate of 10 percent. The average toll gate tax paid by 936 companies in Puerto Rico is 4 percent. Because Section 936 companies can effectively retain earnings tax free as long as the funds remain in Puerto Rico, large deposits of Section 936 funds, referred to as "qualified possession source investment income" or QPSII (quipsy) funds, are used in Puerto Rico directly or through financial institutions.

In the U.S. tax reform legislation passed in 1986, Congress amended the requirements of Section 936 to permit Puerto Rico to make or authorize loans of QPSII funds to qualifying projects in any CBI country that has entered into a Tax Information Exchange Agreement (TIEA) with the United States. As of October 1990, these countries are Jamaica, Barbados, Grenada, Dominica, Trinidad and Tobago, and the Dominican Republic. Other countries have TIEAs under various stages of consideration. The program is administered by the Economic Development Administration of Puerto Rico (FOMENTO).

Eligible projects include both complementary operations with Puerto Rico and stand-alone projects in any qualified CBI-beneficiary country. Eligible complementary projects may be financed by both private financial institutions and the Government Development Bank of Puerto Rico (GDB), while stand-alone projects may be financed only by eligible private financial institutions. Because of its mandate to foster the economic development of Puerto Rico, the charter of the GDB allows it to finance only complementary CBI projects, provided they demonstrate a positive, material impact (for example, the creation or retention of jobs) in Puerto Rico. as well as the Caribbean Basin. (See Appendix I for project eligibility criteria and application procedures.)

[2] U.S. subsidiaries located in the U.S. Virgin Islands are also exempt.

Exemption from U.S. Import Merchandise Processing Fees

Products from CBI countries are exempt from U.S. Import Merchandise Processing Fees. These fees are a percent of value-based customs duty surcharge levied on incoming goods to cover costs of U.S. Customs operations.

V. CBI COUNTRY PROFILES AND CONTACTS

The Caribbean Basin, as defined by in the Caribbean Basin Economic Recovery Act, includes the chain of Caribbean islands from the Bahamas south to Trinidad and Tobago, plus Guyana and Suriname in South America and the seven Central American countries. In total, 28 countries are eligible for CBI benefits. Of these, 23 have requested and received CBI designation. Included in this chapter is a description of each country. Information on Puerto Rico and the U.S. Virgin Islands is also provided, because these U.S. territories participate in the CBI and enjoy trade status with the U.S. mainland no less favorable than that provided to CBI beneficiary countries. Information on Nicagragua is included because the country has applied for CBI designation.

The CBI countries have some common traits. Many are suffering from slow growth and foreign exchange shortages caused by a number of factors, including low commodity prices for traditional exports.

Most CBI countries have adopted export-oriented development strategies and are seeking new foreign investment. Skilled and semiskilled labor is readily available throughout the region. Most of the countries have international airports, one or more deepwater ports, adequate roads, water, electricity, and modern telecommunications facilities. Virtually all of the CBI countries have or are building factory shells in free zone-type facilities.

At the same time, the CBI countries are a highly diverse group, ranging in population from 11,500 in Montserrat to 8 million in Guatemala, and in GNP per capita from less than $400 in Haiti to $10,000 in the Bahamas. National languages include Spanish English, French, and Dutch. English can generally be used to conduct business throughout the region.

These country highlights, prepared with information provided by U.S. Embassies in the region and by Commerce Department country desk officers, are intended to give the businessperson a brief overview of CBI countries and contacts for further information. Information is also available from published sources listed in Appendix C.

Antigua and Barbuda

Antigua and Barbuda, a twin-island state independent since 1981, has a population of 76,000. The economy is primarily tourism based, which accounts for 16 percent of GDP. Major exports include assembled undergarments and electronic components. The government is actively recruiting new investment in light manufacturing, tourism, and agribusiness. The labor force numbers about 30,000. Unemployment has decreased significantly over the past several years, due to the rapid expansion of the tourism sector. Antigua has a 40 percent corporate tax rate and no personal taxes. Tax holidays for new manufacturers are typically 10 to 15 years.

Contacts:

U.S. Department of Commerce
Desk Officer for Antigua and Barbuda
Room H 3203
Washington, DC 20230
(202) 377-2527

Eastern Caribbean
Investment Promotion Service
1730 M Street, NW.
Suite 901
Washington, DC 20036
(202) 659-8689, FAX 659-9127

Embassy of Antigua and Barbuda
Trade/Investment Promotion Officer
3400 International Drive, NW., #2H
Washington, DC 20008-3098
(202) 362-5122

Antigua Tourism and Trade Office
610 5th Avenue
Suite 311
New York, NY 10020
(212) 541-4117

Antigua Tourism, Trade, and
Investment Promotion Office
121 SE. First Street,
Suite 3110
Miami, FL 33131
(305) 381-6762

Antigua Industrial Development Board
Newgate Street
St. Johns, Antigua
(809) 462-1038

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 622-6371

American Embassy
St. Johns, Antigua
FPO Miami 34054
(809) 462-3505

Aruba

Aruba became an autonomous country within the Kingdom of the Netherlands on January 1, 1986. It was formerly a part of the Netherlands Antilles, with which cooperation continues. Aruba was a major petroleum refining center until the closure of the Exxon refinery in 1985. Aruba has been successful in developing tourism and is looking to attract further investment in the industry. Aruba is promoting investment in industries that would benefit from the island's highly educated, multilingual labor force and well-developed infrastructure. The government offers numerous incentives to new industries and recently established the Aruban Investment Bank to facilitate foreign investment.

Contacts:

U.S. Department of Commerce
Desk Officer for Aruba
Room H 3025
Washington, DC 20230
(202) 377-2527

American Consulate General
JB Gorsira
P.O. Box 158
Willemstad, Curacao
(011) (599) 9-613066

Chamber of Commerce
and Industry
Zoutmanstraat 21
Oranjestad, Aruba
(011) (297) 8-21566

Embassy of the Netherlands
Minister for Aruban Affairs
4200 Linnean Avenue, NW.
Washington, DC 20008
(202) 244-5300

Aruban Investment Bank, NW.
Middenweg 20
P.O. Box 1011
Oranjestad, Aruba
(011) (297) 8-27329

Department of Economic Affairs
Commerce and Industry
L.G. Smith Boulevard 82
Oranjestad, Aruba
(011) (297) 8-21181

Department of Foreign Affairs
L.G. Smith Boulevard 76
Oranjestad, Aruba
(011) (297) 8-24900

Aruba Foreign Investment Agency
L.G. Smith Boulevard 76
Oranjestad, Aruba
(011) (297) 8-34705

The Bahamas

The Bahamas is a politically stable tax and tourist haven consisting of some 700 islands. It has the highest per capita GDP of all the CBI countries ($10,320). The population totals 249,000 with a labor force of 125,000. The tourism-based economy (65 percent of GDP) also has a substantial banking sector (8 percent of GDP), as well as agriculture and light manufacturing. Principal Bahamian exports are pharmaceuticals, shellfish, aragonite, fruits, and vegetables.

Agriculture for the domestic market and for export is a high development priority, as the Bahamas imports over 80 percent of its food needs. Souvenirs, resort apparel, jewelry, and other tourism-related industries are also targeted, as well as assembly industries, fishing, and fish processing. The islands' proximity to Florida can provide transshipping advantages.

Contacts:

U.S. Department of Commerce
Desk Officer for Bahamas
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy
Economic/Commercial Section
Mosmar Building, Queen Street
P.O. Box N8197
Nassau, Bahamas
(809) 322-1181

Embassy of Bahamas
Economic Counselor
Suite 865
600 New Hampshire Avenue, NW.
Washington, DC 20037
(202) 944-3390

Bahamas Agricultural & Industrial Corp.
Manager, Business Development
767 3rd Avenue, 9th Floor
New York, NY 10017
(212) 371-7203

Bahamas Agricultural & Industrial Corp.
Manager Business Development
P.O. Box N-4940
Nassau, Bahamas
(809) 322-3740

Bahamian American
Chamber of Commerce, Inc.
P.O. Box 69-3028
Miami, FL 33269
(305) 749-1584

Bahamas Chamber of Commerce
Executive Director
P.O. Box N-655
Nassau, Bahamas
(809) 322-2145

Barbados

Barbados is a politically stable and relatively prosperous country, with a population of 250,000 and a labor force of 115,000. While Barbados' manufacturing sector has been hurt by a decline in inter-island trade and slump in the U.S. computer market, tourism and agriculture have kept the economy growing. Major exports to the United States are electronic components, apparel, sugar, and rum. The government's economic strategy calls for private sector development of export industries, especially electronics and garment assembly, data-entry, pharmaceuticals, furniture, and food processing. The Industrial Development Corporation assists in on-the-job training by paying up to 50 percent of wages for up to three months. Tax holidays of up to ten years are also available.

Contacts:

U.S. Department of Commerce
Desk Officer for Barbados
Room H 3025
Washington, DC 20230
(202) 377-2527

Embassy of Barbados
2144 Wyoming Avenue, NW.
Washington, DC 20008
(202) 939-9218

Barbados Industrial Development Corporation
800 Second Avenue, 17th Floor
New York, NY 10017-4709
(212) 867-6420

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 622-6371, FAX 628-5462

U.S. Business and Commercial Center
1st Floor Nicholas House
Bridgetown, Barbados
(809) 436-3960

Belize

Belize is a small, stable parliamentary democracy with a population of 200,000. It is the only English-speaking country in Central America. Agriculture dominates the economy, with the sugar industry being Belize's leading exporter and employer. Other leading exports are apparel, seafood, and citrus. The Government of Belize is promoting new investment in agribusiness, especially winter vegetables, rice, beef, dairy farming, food processing, citrus, cocoa, and bananas. Development of the country's extensive timber resources is also a priority, along with tourism, aquaculture, and light manufacturing. The labor force totals about 60,000, mainly in agriculture and apparel assembly.

Contacts:

U.S. Department of Commerce
Desk Officer for Belize
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy
P.O. Box 286
Gabourel Lane
Belize City, Belize
(011) (501) 7162, 2-77161

Embassy of Belize
3400 International Drive, NW.
Suite 2-J Washington, DC 20008
(202) 363-4505

Belize Export & Investment
Promotion Unit (BEIPU)
Belize Chamber of Commerce & Industry
7 Cork Street
Belize City, Belize
(011) (501) 3148

Ministry of Economic Development
P.O. Box 42
Belmopan, Belize
(011) (501) 2-44138

British Virgin Islands

The British Virgin Islands (BVI), a possession of the United Kingdom, consists of more than 50 islands and cays offering excellent sailing and diving. The largest island, Tortola, is located some 60 miles east of Puerto Rico and may be reached via inter-island airlines. The major contributor to the BVI economy is tourism, which also appears to hold the most potential for development. Tax holidays for major hotel projects may be extended from 10 to 20 years. Other industries targeted for development include fishing and fish processing, boat building, cottage industries, motion picture production, agribusiness, and light assembly.

Contacts:

U.S. Department of Commerce
Desk Officer for the BVI
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 662-6371/4

Chief Minister's Office
Government of the British Virgin Islands
Road Town, Tortola, British Virgin Islands
(809) 494-3701

BVI Hotel and Commerce Association
P.O. Box 376 Road Town
Tortola, British Virgin Islands
(809) 494-3514

Eastern Caribbean Investment
Promotion Service
Suite 901
1730 M Street, NW.
Washington, DC 20036
(202) 659-8689

Costa Rica

Costa Rica has a history of stable democratic government, good infrastructure and basic social services, and a relatively well-educated work force. Its exports to the United States include bananas, coffee, beef, sugar, seafood, garments, and electronic components from assembly operations. Best investment opportunities in Costa Rica include apparel and electronics assembly, tourism, furniture and other wood products, shrimp, and growing and processing nontraditional agricultural products (such as hearts of palm, macadamia nuts, and melons). The labor force numbers about 900,000, with relatively abundant semiskilled and skilled labor. Costa Rica's progressive tax system ranges from 10 to 50 percent for corporations. However, tax holidays are available for new export industries.

Contacts:

U.S. Department of Commerce
Desk Officer for Costa Rica
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy-San Jose
Commercial Attache
APO Miami 34020
(011) (506) 20-39-39, 20-24-54

Embassy of Costa Rica
1825 Connecticut Avenue, NW.
Suite 211
Washington, DC 20009
(202) 234-2945

American Chamber of Commerce
of Costa Rica
Apartado 4946
San Jose, Costa Rica
(011) (506) 33-21-33

Costa Rica Investment Promotion Offices (CINDE) in the United States:

Costa Rica Investment Promotion Office
992 High Ridge Road
Stamford, CT 06905
(203) 968-1448, FAX 968-2591

Costa Rica Investment
and Trade Promotion Office
7200 NW. 19th Street
Suite 203
Miami, FL 33126
(305) 594-7446

Costa Rican Investment Promotion Office
635 Sanborn Place, #24
Salinas, CA 93901
(408) 758-1044

Costa Rica Chamber of Exporters
AV 14, Calle 35y 37
Apartado 213-2010
San Jose, Costa Rica
(011) (506) 24-83-97

Costa Rica Agricultural Trade
Development Program
7200 NW. 19th Street
Suite 303
Miami, FL 33126
(305) 477-4121

Dominica

Dominica's economy is primarily agricultural, accounting for 30 percent of GDP, with small manufacturing and agro-processing sectors now being developed. Dominica's principal export is bananas. A local firm produces soap products for regional markets under licensing agreements with U.S. firms; a U.S. investor has introduced aloe plants for use in the soap and cosmetics industries; and additional opportunities exist in citrus and citrus products, fruit juices, and small wood products. The Industrial Development Corporation is actively encouraging new investment in apparel and electronics light manufacturing. There is ample unskilled labor with a labor force totaling 30,000. The 40 percent corporate income tax can be exempted for up to 15 years depending on local value-added and export sales.

Contacts:

U.S. Department of Commerce
Desk Officer for Dominica
Room H 3025
Washington, DC 20230
(202) 377-2527

Eastern Caribbean
Investment Promotion Service
Suite 901
1730 M Street, NW.
Washington, DC 20036
(202) 659-8689

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 622-6371, FAX 628-5462

Dominica Industrial Development Corporation
P.O. Box 293
Roseau, Dominica
(809) 449-2045

Dominica Association of Industry and Commerce
Box 85
Roseau, Dominica
(809) 449-2874

Dominican Republic

The Dominican Republic is the largest of the CBI island countries, with a population of 6.7 million. The country's proximity to the United States, progressive free zone laws, ample low-cost labor, and a sophisticated private sector have combined to create a boom in assembly industries in recent years. Nontraditional agriculture has also done well. The economy has been struggling overall, however, with low export prices and severe liquidity problems. Major exports are sugar, gold and silver, coffee, cocoa, garments, electronic components, cigars and other tobacco products, and fresh vegetables and fruits. Areas of opportunity include light manufacturing/assembly industries, tourism, agro-industry, and mining.

Contacts:

U.S. Department of Commerce
Desk Officer for Dominican Republic
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy-Santo Domingo
Commercial Counselor
APO Miami 34041
(809) 541-2171

American Chamber of Commerce
of the Dominican Republic
Torre BHP, 4th Floor
Winston Churchill Avenue
Santo Domingo, Dominican Republic
(809) 544-2222

Embassy of Dominican Republic
Commercial Counselor
1715 22nd Street, NW.
Washington, DC 20008
(202) 332-6280

Dominican Republic Investment
Promotion Council
P.O. Box 21291
Edificio ALICO
Avenida Abraham Lincoln, 2nd Floor
Santo Domingo, Dominican Republic
(809) 532-3281, FAX 533-7029

Dominican Republic Investment
Promotion Council
P.O. Box 25438
Washington, DC 20007

Dominican Republic Export
Promotion Center
One World Trade Center
Suite 2441
New York, NY 10048
(212) 432-9498

Chicago Association of Industry
and Commerce (CACI)
Caribbean Basin Promotion Center
200 North LaSalle Street
Chicago, IL 60601
(312) 580-6930

Dominican Republic Export
Promotion Center
80th Street SW.
Suite 1890
Miami, FL 33130
(305) 358-8174

El Salvador

Despite security concerns, most commercial activity in El Salvador continues unaffected, and a number of U.S. manufacturers are producing for export. Current exports include coffee, cotton, sugar, shrimp, electronic equipment, and garments. About 1.7 million of El Salvador's 5.1 million population are in the labor force, with half working in agriculture. Corporate profits are taxed at a maximum rate of 38 pecent. Corporate income tax exemptions of up to ten years are available.

Contacts:

U.S. Department of Commerce
Desk Officer for El Salvador
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy-San Salvador
Commercial Section
APO Miami 34023
(011) (503) 26-7100

American Chamber of Commerce
of El Salvador
Apartado Postal (05) 9
San Salvador, El Salvador
(011) (503) 23-2419, 23-9604

Embassy of El Salvador
2308 California Street, NW.
Washington, DC 20008
(202) 265-3480

Salvadoran Foundation for
Economic and Social
Development (FUSADES)
80 SW. 8th Street - Suite 2150
Miami, FL 33130
(305) 381-8940
FAX (305) 381-9861

Exports Procedures Center (CENTREX)
Ministerio de Commercio Exterior
Paseo General Escalon 4122
San Salvador, El Salvador
(011) (503) 24-3000

Grenada

Since 1984, five large U.S. corporations have set up manufacturing operations in Grenada. The initiation of regular air service from the United States via American Airlines has created even more opportunities in the growing tourism and manufacturing sectors. Air cargo facilities have also been developed. Cruise-ship and stay-over arrivals were up significantly during the 1988 and 1989 tourist seasons. The number of hotel rooms grew by 23 percent in 1988 to 1,019 rooms, and the number is expected to reach 1,500 by 1990. Areas targeted for development include data entry and agribusiness. Unskilled labor is readily available. Generous investment incentive packages are available, including tax holidays of up to 15 years.

Contacts:

U.S. Department of Commerce
Desk Officer for Grenada
Room H 3025
Washington, DC 20230
(202) 377-2527

Eastern Caribbean
Investment Promotion Service
Suite 901
1730 M Street, NW.
Washington, DC 20036
(202) 659-8689

Embassy of Grenada
1701 New Hampshire Avenue, NW.
Washington, DC 20009
(202) 265-2561

Grenada Investment Promotion Service
c/o Consulate of Grenada
820 Second Avvenue, Suite 900D
New York, NY 10017
(212) 599-0301

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 622-6371

U.S. Embassy -Grenada
Pt. Saline
P.O. Box 54
St. Georges, Grenada
(809) 444-1173

Chamber of Industry and Commerce
P.O. Box 129
St. Georges, Grenada
(809) 440-2937

Guatemala

Guatemala is the largest CBI country and one of the most highly industrialized in Central America. Nevertheless, agriculture accounts for the greatest share of GDP. Major exports are coffee, sugar, petroleum, bananas, tobacco, cotton, shellfish, beef, silver, wood, cardamon, winter vegetables, and pharmaceuticals. Recently, nontraditional manufacturing and exporting in agribusiness, mining, food processing, wood and cork products, and light assembly have expanded rapidly. Unskilled and semiskilled labor is abundant at rates competitive with other CBI countries. Investment incentives include government-financed training programs and tax holidays.

Contacts:

U.S. Department of Commerce
Desk Officer for Guatemala
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy-Guatemala
Commercial Attache
APO Miami 34024
(011) (502) 2-34-84-79

Embassy of Guatemala
Economic Counselor
2220 R Street, NW.
Washington, DC 20008
(202) 745-4952

American Chamber of Commerce
Apartado Postal 832
01909 Guatemala City, Guatemala
(011) (502) 2-31-2235

Nontraditional Exporters Guild
Edificio Camara de Industria
6 Nivel, Ruta 6, 9-21, Zona 4
01909 Guatemala City, Guatemala
(011) (502) 2-31-5683

Fundacion Para El Desarrollo de
Guatemala (FUNDESA)
Edificio Camara de Industria
Apartado Postal 865-A
01909 Guatemala City, Guatemala
(011) (502) 2-31-8584

Camara Empresarial (CAEM)
Edificio Camara de Industria
Nivel 9, Ruta 6, 9-21, Zona 4
01909 Guatemala City, Guatemala
(011) (502) 2-31-6513

Co-Invest Guatemala
Edificio Geminis 10
12 Calle 1-25, Zona 10
80. Nivel, Oficina 806
Guatemala 01010
(011)(502) 2-35-36-05, FAX 2-35-29-05

Guyana

Guyana is the only English-speaking country in South America. It has large areas of undeveloped land, with a small population (765,000), mostly concentrated in Georgetown and along the Atlantic coast. The economy has traditionally been dominated by agriculture, mining, sugar, bauxite, and rice production which together account for more than 80 percent of export earnings. In addition, shrimp, gold, diamonds, wood products and garments are also exported and are promising areas for investment. Wage rates are among the lowest in the region. Tax holidays are available for up to ten years.

Contacts:

U.S. Department of Commerce
Desk Officer for Guyana
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy-Georgetown
Economic/Commercial Officer
U.S. Department of State
Washington, DC 20520
(011) (592) 2-54900

Embassy of Guyana
2490 Tracey Place, NW.
Washington, DC 20008
(202) 265-6900

State Planning Commission
229 South Street
Lacytown, Georgetown, Guyana
(011) (592) 2-62461

Guyana Manufacturing and Industrial
Development Agency
237 Camp Street
Georgetown, Guyana
(011) 592-2-60699

Guyana Export Promotion Council
10 Fort Street
Kingston, Georgetown, Guyana
(011) (592) 2-56313

Guyana Manufacturers Association
8 Church Street
Company Path
Georgetown, Guyana
(011) (592) 2-66791

Georgetown Chamber of Commerce
and Industry
156 Waterloo Street
Cummingsburg, Georgetown, Guyana
(011) (592) 2-56451

Haiti

Haiti's low wages, productive labor, strong private sector, and proximity to the United States have been very attractive to offshore manufacturers, especially in electronics, apparel, toys, and sporting goods. Following the departure of President Duvalier in 1986, Haiti has witnessed a four-year period of political and economic uncertainty. Haiti has the lowest GNP per capita in the Western Hemisphere, about $360. The population totals approximately 6 million, with 2.5 million in the labor force. Major exports to the United States include electronics and ceramics assembled from U.S. components, sporting equipment, coffee, sugar, essential oils, jewelry, and fruits.

Contacts:

U.S. Department of Commerce
Desk Officer for Haiti
Room H 3025
Washington, DC 20230
(202) 377-2527

Embassy of Haiti
First Secretary, Commercial Section
2311 Massachusetts Avenue, NW.
Washington, DC 20008
(202) 332-4090

American Embassy
Economic/Commercial Section
Harry Truman Boulevard
P.O. Box 1761
Port-au-Prince, Haiti
(011) (509) 1-20354

Prominex Haiti -Director
Center for the Promotion of
Investment and Exports
P.O. Box 1621
Port-au-Prince, Haiti
(011) (509) 1-28005

Association of Haitian
Manufacturers (ADIH)
Executive Director
P.O. Box 2568
Delmas 31
Port-au-Prince, Haiti
(011) (509) 1-64509

Minisere Du Commerce ET
DE L' Industrie
Directione Investissements
P.O. Box 2223
Port-au-Prince, Haiti

Honduras

A Central American country of 4.5 million people, Honduras offers a variety of opportunities for U.S. business. The economy has traditionally been agricultural, with a small manufacturing sector. Coffee from the mountains, bananas grown on the coast and in the large river valleys, and seafood account for well over half of Honduras' export earnings. Other major exports include lumber, sugar, beef, tobacco and tobacco products, and apparel assembled in the Puerto Cortez free zone. Areas of opportunities include agribusiness (melons, citrus, and vegetables), aquaculture, wood products, and assembly industries. The labor force numbers over 1 million. Tax holidays are available.

Contacts:

U.S. Department of Commerce
Desk Officer for Honduras
Room H 3025
Washington, DC 20203
(202) 377-2527

Honduran-American
Chamber of Commerce
Hotel Honduras Maya
Apartado Postal 1838
Tegucigalpa, Honduras
(011) (504) 32-7043

Embassy of Honduras
Commercial Officer
4301 Connecticut Avenue, NW.
Washington, DC 20008
(202) 638-4348

FEPROEXAAH (Nonprofit Agribusiness Org.)
P.O. Box 1442
Edificio Jesus Bendeck,
Frente Diario Tiempo
lA. Calle
San Pedro Sula, Cortes, Honduras
(011) (504) 52-3793

American Embassy-Tegucigalpa
Commercial Officer
APO Miami 34022
(011) (504) 32-3120

FIDE (Nonprofit Business Org.)
Centro Commercial Maya
2do Nivel Boulevard Morazan
P.O. Box 2029
Tegucigalpa, D.C. Honduras
(011) (504) 32-9345, 32-0937

Ministry of Economy
Investment Promotion Office
Edificio Salame
Tegucigalpa, D.C. Honduras
(011) (504) 22-7746, 22-32-51

Honduras American Chamber of Commerce
Edificio Samara, 2nd Floor, No. 5
P.O. Box 1209
San Pedro Sula, Cortes, Honduras
(011) (504) 52-2401

Jamaica

Jamaica has been an independent, parliamentary democracy since 1962. The island's population totals 2.4 million. Major opportunities exist in a wide range of industries, including tourism, electrical equipment, garment assembly, agro-industry and food processing, mining, and furniture. Jamaica's labor force totals nearly 1 million. Wages for unskilled labor are among the lowest in the region.

The nation has rebounded from the damage left by the September 1988 hurricane, growing steadily with construction, mining (largely bauxite), banana production, and tourism being the leading sectors. The government elected in 1989 has continued Jamaica's successful program of private sector-led growth.

Contacts:

U.S. Department of Commerce
Desk Officer for Jamaica
Room H 3025
Washington, DC 20230
(202) 377-2527

Embassy of Jamaica
1850 K Street, NW.
Suite 355
Washington, DC 20006
(202) 452-0660

American Embassy
Commercial Officer
Mutual Life Building
Jamaica Mutual Life Center
2 Oxford Road, lst Floor
Kingston 5, Jamaica
(809) 929-4850

American Chamber of Commerce
of Jamaica
P.O. Box 112
Kingston 10, Jamaica
(809) 929-7866

North America Director
JAMPRO
866 Second Avenue
New York, NY 10017
(212) 371-4800

JAMPRO
35 Trafalgar Road
Kingston 10, Jamaica
(809) 92-99450

Jamaica Trade Commission
866 Second Avenue
New York, NY 10017
(212) 759-3588

Private Sector Organization
of Jamaica
39 Hope Road
Kingston 10, Jamaica
(809) 927-9796

Montserrat

Montserrat is a stable self-governing dependency of the United Kingdom, with a population of 11,500 on an island of 39 square miles. The economy is dominated by agriculture and tourism, with manufacturing and offshore banking operations becoming more important. Principal exports are electronic parts, clothing, and hand-loomed and hand-sewn cotton goods such as shawls, quilts, placemats, and women's wraps, which qualify for duty-free entry into the United States under the CBI. Montserrat is particularly known for its high-quality Sea Island Cotton, which commands a premium price on the international market. The government is promoting investment in tourism, assembly industries, ornamental plants, livestock, and food processing. Investment incentives include government-subsidized training programs and tax holidays.

Contacts:

U.S. Department of Commerce
Desk Officer for Montserrat
Room H 3025
Washington, DC 20230
(202) 377-2527

Eastern Caribbean
Investment Promotion Service
1730 M Street, NW.
Suite 901
Washington, DC 20036
(202) 659-8689

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 622-6371

Ministry of Finance
Development Unit
P.O. Box 292
Plymouth, Montserrat
(809) 491-2444, ext. 63

Montserrat Chamber of Commerce
P.O. Box 221
Plymouth, Montserrat
(809) 491-2431

Netherlands Antilles

Netherlands Antilles is an autonomous country within the Kingdom of the Netherlands, with a population of 200,000 on five diverse islands. Curacao is the largest island with a population of 150,000. Its principal industries are tourism, petroleum refining, banking, and ship repair and services. Excellent transportation and communications facilities exist. The government is promoting investment in

tourism and related services and light manufacturing. Multilingual skilled and semiskilled labor is readily available, as are a range of tax incentives and other benefits for new foreign investments.

Contacts:
U.S. Department of Commerce
Desk Officer for Netherlands Antilles
Room H 3025
Washington, DC 20230
(202) 377-2527

Curacao Chamber of Commerce
and Industry
P.O. Box 10, Pietermaai 21
Willemstad, Curacao
Netherlands Antilles
(011) (599) 9-611455

Curacao Industrial and International
Trade Development Company
Landhuis Koningsplien Emancipatie
Boulevard # 7
Willemstad, Curacao
Netherlands Antilles
(011) (599) 9-76000

American Consulate General
19 Romulo Betancourt Boulevard
P.O. Box 158
Willemstad, Curacao
Netherlands Antilles
(011) (599) 9-613066,FAX 599-9-613192

Minister for Netherlands Antilles Affairs
Embassy of the Netherlands
4200 Linnean Avenue, NW.
Washington, DC 20008
(202) 244-5300

Netherlands Antilles Department of Trade,
Industry, and Employment
(011) (599) 9-626400

Curacao Trade & Industry Association
Pietermaai: 6-A
P. O. Box 49
Willemstad, Curacao, Neth/Antille
(011) (599) 9-611210, FAX (599) 9-615652

Nicaragua

With the lifting of the U.S. trade embargo and the expected improvement in productivity, Nicaragua has a tremendous capacity to increase exports to the United States and other countries. U.S. imports from Nicaragua have historically been concentrated in traditional agricultural commodities such as beef, coffee, cotton, sugar, bananas, tobacco, and sesame, but also include seafood, textile articles, and metal products. Nicaragua has a labor force of 1.17 million, 44 percent of which is employed in agricultural production. Potential investment opportunities in Nicaragua include agribusiness, light manufacturing, basic industry, and transportation. The expected privatization of some 400 government-owned companies also opens interesting opportunites for investors.

Contacts:

U.S. Department of Commerce
Nicaragua Desk Officer
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy - Nicaragua
Economic Counselor
Km 4-1/2 Caretera Sur
APO Miami 34021
(011) (505) (2) 666-010

Embassy of Nicaragua
1627 New Hampshire Avenue, NW.
Washington, DC 20009
(202) 387-4371 and 4372

Superior Council of the
Nicaraguan Private Sector
Apartado 5430
Manaugua, Nicaragua
(011) (505) (2) 27-419

Union of Agricultural Producers of
Nicaragua
Apartado Postal 5430
Managua, Nicaragua
(011) (505) (2) 2300

Panama

Panama's economy is highly dependent on a well-developed services sector, concentrated in banking and transportation, which contributes about 80 percent to total gross domestic product. The Panamanian work force is relatively well educated and highly bilingual. After over a year of suspended CBI status, Panama regained its CBI beneficiary position in March 1990. The new government has begun to reduce protective tariffs on a large number of products and has announced intentions to privatize many state-owned enterprises.

Principal exports include bananas, shrimp, coffee, sugar, and apparel. The tourism and light manufacturing sectors also show great potential.

Contacts:

U.S. Department of Commerce
Panama Desk Officer
Room H 3025
Washington, DC 20230
(202) 377-2527

U.S. Embassy-Panama
Commerical Attache
Box E
APO Miami 34002
(011) (507) 27-1777

Embassy of Panama
2862 McGill Terrace, NW.
Washington, DC 20008
(202) 483-1407

Panamanian Chamber of Commerce,
Industry, and Agriculture
P.O. Box 74
Panama 1, Republic of Panama
(011) (507) 27-1285, or 27-1445

American Chamber of Commerce and Industry
Calle Uraguay and Calle 47
P.O. Box 168
Balboa, Panama
(011) (507) 69-3881, or 69-3525

Panamanian Exporter's Association
Via Ricardo Alfaro
P.O. Box 6-6257
Panama 1, Republic of Panama
(011) (507) 30-0284, or 30-0169

World Trade Center Panama
Calle 50
P.O. Box 6-2432
Panama 6, Republic of Panama
(011) (507) 69-6124

Puerto Rico

Puerto Rico is a U.S. territory with Commonwealth status. There are 3.3 million people, about 1 million of which are in the labor force. The diverse economy plus special tax programs have attracted subsidiaries of over 385 of the *Fortune 500* companies, representing virtually every service and manufacturing sector.

An important part of Puerto Rico's manufacturing sector is based upon the "complementary-plant" concept, whereby Puerto Rican operations perform high value-added finishing operations while taking advantage of low cost labor in a complementary-plant in a CBI country for other parts of the manufacturing process. Well-educated, efficient labor is readily available. The government also provides employment and training services for companies setting up operations in Puerto Rico.

Puerto Rico has a range of special tax benefits, including exemption from U.S. income tax (see Chapter IV), and exemptions of up to 90 percent for all local and state taxes for 1 to 25 years. Puerto Rico is within the customs territory of the United States so products of Puerto Rico may be brought to the mainland duty free.

Contacts:

U.S. Department of Commerce
Desk Officer for Puerto Rico
Room H 3025
Washington, DC 20230
(202) 377-2527

Puerto Rico Economic
Development Administration (FOMENTO)
355 F.D. Roosevelt Avenue
Hato Rey, PR 00918
(809) 758-4747

FOMENTO branch offices:

Suite 780, 2635 Century Parkway
Atlanta, GA 30345
(404) 321-5284

Suite 601, 545 Boylston Street
Boston, MA 02116
(617) 262-1310

Suite 2204, 233 N. Michigan Avenue
Chicago, IL 60601
(312) 565-0910

Suite 203, 2997 LBJ Freeway
Dallas, TX 75234
(214) 620-1770

10100 Santa Monica Boulevard
Suite 1400
Los Angeles, CA 90067
(213) 553-6393

1290 Avenue of the Americas
New York, NY 10104
(212) 245-1200
(800) 223-0699

Suite 555 South
1331 Pennsylvania Avenue, NW.
Washington, DC 20004
(202) 662-8977

U.S. Department of Commerce
U.S. and Foreign Commercial Service
Puerto Rico District Office
Federal Building, Room G-55
Hato Rey PR 00918
(809) 753-4555

St. Kitts-Nevis

The twin island nation of St. Kitts and Nevis totals about 100 square miles, with a population of 46,500 and labor force of 20,000. The country has a stable parliamentary democracy. Although sugar remains an important component of the country's economy, accounting for half of its exports, the country's diversification efforts have shown success, particularly in the areas of electronics and garment assembly, tourism, and nontraditional agriculture. St. Kitts-Nevis is a short distance from Puerto Rico (225 miles) and has an international airport and deepwater port. Corporate taxes are 45 percent, but tax holidays from 10 to 15 years are available.

Contacts:

U.S. Department of Commerce
Desk Officer for St. Kitts-Nevis
Room H 3025
Washington, DC 20230
(202) 377-2527

Eastern Caribbean
Investment Promotion Service
1730 M Street, NW., Suite 901
Washington, DC 20036
(202) 659-8689

Embassy of St. Kitts-Nevis
2501 M Street, NW., Suite 540
Washington, DC 20037
(202) 833-3550

St. Kitts-Nevis Economic Development Officer
414 East 75th Street
New York, NY 10021
(212) 535-1234

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 662-6371

St. Kitts-Nevis Investment Promotion Agency
Box 600
Bay Road
Basseterre, St. Kitts
(809) 465-4106

Executive Director
St. Kitts-Nevis Chamber of Industry and Commerce
P.O. Box 332
Basseterre, St. Kitts
(809) 465-2980

St. Lucia

St. Lucia is an independent country with a stable parliamentary government. The economy is agriculture based (14 percent of GDP), with manufacturing (9 percent) and tourism (8 percent) also playing important roles. The major export crop is bananas. Other important exports include assembled electronic parts and garments. Opportunities exist in tourism, data processing, spice processing, light manufacturing, and agribusiness. The labor force totals 50,000. Corporate taxes are 45 percent, but tax holidays of up to 15 years are common.

Contacts:

U.S. Department of Commerce
Desk Officer for St. Lucia
Room H 3025
Washington, DC 20230
(202) 377-2527

Eastern Caribbean
Investment Promotion Service
Suite 901
1730 M Street, NW.
Washington, DC 20036
(202) 659-8689

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 662-6371

Embassy of St. Lucia
2100 M Street, NW.
Suite 309
Washington, DC 20037
(202)463-7378

St. Lucia National Development Corp.
820 Second Avenue
Suite 914
New York, NY 10017
(212) 867-2925

St. Lucia Chamber of Commerce
P.O. Box 482
Castries, St. Lucia
(809) 452-3165

St. Lucia National Development Corp.
Monplaisir Building
27 Brazil Street
P.O. Box 495
Castries, St. Lucia
(809) 452-3614/5

St. Vincent and the Grenadines

St Vincent is a stable parliamentary democracy of 118,000 located on 150 square miles. The economy is agriculture based (17 percent of GDP), with a growing manufacturing sector (11 percent). Major export products are bananas, arrowroot, sweet potatoes, electronic parts, apparel, and toys. In the agriculture sector, St. Vincent is moving away from sugarcane production, creating opportunities for the production of alternative agricultural commodities. Opportunities are also to be found in assembly industries, food processing industries, and tourism development. The labor force numbers 45,000. Corporate income tax is 45 percent, but tax holidays of up to 15 years are available.

Contacts:

U.S. Department of Commerce
Desk Officer for St. Vincent
and the Grenadines
Room H 3025
Washington, DC 20230
(202) 377-2527

Eastern Caribbean
Investment Promotion Service
Suite 901
1730 M Street, NW.
Washington, DC 20036
(202) 659-8689

Director, Investment Promotion Service
St. Vincent and the Grenadines
c/o Mission of
St. Vincent and the Grenadines
801 2nd Avenue, 21st. Floor
New York, NY 10017
(212) 687 4490

St. Vincent Chamber of Commerce
P.O. Box 126
Kingstown, St.Vincent
(809) 457-1464

American Embassy
Regional Commercial Officer
Box 752
15 Queen's Park West
Port-of-Spain, Trinidad
(809) 662-6371

Trinidad and Tobago

Trinidad and Tobago is a stable parliamentary democracy with 1.2 million people. The economy, primarily based on oil revenues, is among the most highly developed in the region. Oil earnings have declined severely in recent years, however, and efforts are being made to diversify the economy. A new investment code was recently enacted to attract foreign investment. Major exports are petroleum and petroleum products, inorganic chemicals, fertilizers, steel, methanol, and sugar.

Opportunities exist in energy intensive industries (especially those using natural gas or low-cost electricity), steel production using wire rod, plastics, chemicals, manufacturing, and agribusiness. The island of Tobago is experiencing substantial tourism growth. The labor force totals 471,000. Corporate taxes are 45 percent plus a 5 percent unemployment levy. However, tax holidays of up to ten years are available.

Contacts:

U.S. Department of Commerce
Desk Officer for Trinidad and Tobago
Room H 3025
Washington, DC 20230
(202) 377-2527

American Embassy
Commercial Section
15 Queen's Park West
P.O. Box 752
Port-of-Spain, Trinidad
(809) 622-6371
Embassy of Trinidad & Tobago
1708 Massachusetts Avenue, NW.
Washington, DC 20036
(202) 467-6490

Trinidad and Tobago Consulate Office of Trade & Investment
420 Lexington Ave
Suite 333
New York, NY 10017
(212) 682-7272

Trinidad and Tobago Industrial Development Corporation
10-12 Independence Square
Port-of-Spain, Trinidad
(809) 623-7291

Trinidad and Tobago Export Development Corporation
Export House, 10-14 Phillips Street
Port-of-Spain, Trinidad
(809) 623-3591

U.S. Virgin Islands

The U.S. Virgin Islands (USVI) of St. Croix, St. Thomas, and St. John, located some 40 miles east of Puerto Rico, constitute a U.S. territory with a population of around 100,000. Tourism is the mainstay of the economy, other industries include oil refining and rum production. Most USVI products may enter the U.S. mainland duty free under Headnote 3(a) of the Tariff Schedules of the United States, as long as not more than 70 percent of the value is of foreign origin. (Unlike Puerto Rico, USVI is not within the customs territory of the United States.) Certain articles ineligible for CBI trade benefits also may be eligible to enter duty free if produced in the USVI, but with a 50 percent foreign value limitation. Tax benefits include exemption from U.S. income tax and 90 percent rebates on USVI income tax. St. Croix has abundant well-educated labor, an industrial park, and good air and sea cargo facilities.

Contacts:

U.S. Department of Commerce
Desk Officer for the U.S. Virgin Islands
Room H 3025
Washington, DC 20230
(202) 377-2527

U.S. Virgin Islands Information Center
Industrial Incentives Officer
1270 Avenue of the Americas
New York, NY 10020
(212) 582-4520

Commissioner of Commerce
P.O. Box 6400
Charlotte Amalie, USVI 00801
(809) 774-8784

St. Croix Chamber of Commerce
16AA Church Street
Christiansted, St. Croix, USVI 00820
(809) 773-1435

APPENDIX A.
OTHER U.S.-BASED ORGANIZATIONS INVOLVED IN CBI

Organization	Major Business Service	Telephone
Caribbean/Central American Action (C/CAA) 1211 Connecticut Avenue, NW. Suite 510 Washington, DC 20036	Nonprofit business maintains support organization, network of affiliates in region, organizes annual Miami Conference on the Caribbean.	(202) 466-7464
World Trade Center 2 Canal Street Suite 2900 New Orleans, LA 70130	Promotes development of CBI-related trade and investment	(504) 529-1601
Ibero-American Chamber of Commerce CBI Coordinator 733 15th Street, NW., #250 Washington, DC 20005	Helps agribusiness firms in selected CBI countries find U.S. business counterparts and market products	(202) 737-2676
State of Florida Caribbean Basin Development Center 2701 LeJeune Road Suite 330 Coral Gables, FL 33134	Develops and implements trade, investment, and tourism promotion projects in cooperation with participating CBI countries	(305) 446-8106
Caribbean Basin Development Program Economic Development Administration of Puerto Rico (FOMENTO) 355 Roosevelt Avenue Hato Rey, Puerto Rico 00918	Promotes twin-plan development between Puerto Rico and CBI countries. Information on "936" project financing.	(809) 758-4747
International Executive Service Corps P.O. Box 10005 Stamford, CT 06904-2005	Maintain a global network of advisors working to upgrade management skills, improve basic business technology, and promote trade relations.	(203) 967-6000

APPENDIX B. SELECTED SOURCES OF FINANCING FOR CBI PROJECTS

	Trade Finance	Investment Insurance	Equity Part.	Debt/Equity Loans	Feasibility Study Grants/Loans	Telephone
Overseas Private Investment Corp. 1615 M Street, NW. Fourth Floor Washington, DC 20527	No	Yes, for political risk	No	Loans and loan guarantees	No	Business Information Line (800) 424-6742 From Washington, DC (202) 457-7010
U.S. Trade and Development Program Rm. 301 -- SA-16 U.S. Dept. of State Washington, DC 20520	No	No	No	No	Yes, if substantial U.S. exports involved; reimbursable grant	(703) 875-4357
U.S. Export-Import Bank 811 Vermont Ave., NW. Room 1229 Washington, DC 20571	Yes	No	No	No	Yes	Hotline (800) 424-5201 or (202) 566-8860
Private Enterprise Bureau, U.S. Agency for Int'l Development Washington, DC 20523	Yes	No	No	Provides loans for joint venture projects with CBI firms	No	(202) 647-8298
Caribbean Project Development Facility Int'l Finance Corp. The World Bank Washington, DC 20433	No	No	No	Arranges financing from multiple sources	No	(202) 473-0900
Latin American Agribusiness Development Corp. 306 Alcazar Ave. Suite 38 Coral Gables, FL 33134	No	No	No	Yes, for agribusiness projects	No	Director-LAAD (809) 567-1991 Dir. Caribbean (305) 445-1341 Dir. Cen. Amer. (011) (502) 32-7547

	Trade Finance	Investment Insurance	Equity Part.	Debt/Equity Loans	Feasibility Study Grants/Loans	Telephone
Int'l Executive Service Corps Joint Venture Feasibility Fund Planning Office P.O. Box 10753, 8 Stamford Forum Stamford, CT 06904	No	No	No	No	No	(203) 967-6300
Government Development Bank for Puerto Rico	No	No	No	Yes	No	(809) 722-2525
Caribbean Financial Services Corp. (CFSC) Chapel Street Bridgetown, Barbados	No	No	Yes	Yes	No	(809) 436-1960
BANEX Apartado 798-3 1000 San Jose Costa Rica	Yes	No	No	Yes, long-term project loans	No	(011) (506) 33-4301
Banco Central de Costa Rica P.O. Box 10058 1000 San Jose Costa Rica	Yes FOPEX, available thru commercial banks	No	No	Yes, long term, available through commercial banks	No	(011) (506) 33-4233
Corporacion Costarricense de Financiamento Industrial Internacional (COFISA) APDO. 10067 1000 San Jose Costa Rica	Yes	No	No	Yes, long-term project loans	No	(011) (506) 21-2212

	Trade Finance	Investment Insurance	Equity Part.	Debt/Equity Loans	Feasibility Study Grants/Loans	Telephone
Private Sector Corporation (PIC) P.O. Box 8609 1000 San Jose Costa Rica	No	No	Yes	Yes, for export-oriented long-term project loans	No	(011) (506) 33-6422
Development Finance Corporation (SOFIHDES) 11 Harry Truman Blvd. Port-au-Prince, Haiti	No	No	No	Yes	No	(011) (509) 2-9298 or 2-8628
Financiera Industrial Y Agropecuaria S.A. (FIASA) Avenida Reforma 10-00 01009 Guatemala, C.A.	No	No	No	Yes	No	(011) (502) 2310303 or 2-310401
Banco de Exportacion Avenida la Reforma 11-49, Zona 10 Guatemala City	Yes	No	No	No	No	(011) (502) 2-316051
Financiera Guatemalteca Avenida la Reforma 11-49, Zona 10 Guatemala City	Yes	No	No	No	No	(011) (502) 2-316051
Financiera Guatemalteca 1A. Avenida 11-50, Zona 4 01010, Guatemala, C.A.	No	No	Yes	Yes	Yes	(011) (502) 2-373861
Financiera Industrial, SA 7A. Avenida 5-10,Zona 4 Torre II Centro Financiero 01004 Guatemala, C.A.	No	No	No	Yes	No	(011) (502) 2-321750

	Trade Finance	Investment Insurance	Equity Part.	Debt/Equity Loans	Feasibility Study Grants/Loans	Telephone
Int'l Executive Service Corps Joint Venture Feasibility Fund Planning Office P.O. Box 10753, 8 Stamford Forum Stamford, CT 06904	No	No	No	No	No	(203) 967-6300
Government Development Bank for Puerto Rico	No	No	No	Yes	No	(809) 722-2525
Caribbean Financial Services Corp. (CFSC) Chapel Street Bridgetown, Barbados	No	No	Yes	Yes	No	(809) 436-1960
BANEX Apartado 798-3 1000 San Jose Costa Rica	Yes	No	No	Yes, long-term project loans	No	(011) (506) 33-4301
Banco Central de Costa Rica P.O. Box 10058 1000 San Jose Costa Rica	Yes FOPEX, available thru commercial banks	No	No	Yes, long term, available through commercial banks	No	(011) (506) 33-4233
Corporacion Costarricense de Financiamento Industrial Internacional (COFISA) APDO. 10067 1000 San Jose Costa Rica	Yes	No	No	Yes, long-term project loans	No	(011) (506) 21-2212

	Trade Finance	Investment Insurance	Equity Part.	Debt/Equity Loans	Feasibility Study Grants/Loans	Telephone
Private Sector Corporation (PIC) P.O. Box 8609 1000 San Jose Costa Rica	No	No	Yes	Yes, for export-oriented long-term project loans	No	(011) (506) 33-6422
Development Finance Corporation (SOFIHDES) 11 Harry Truman Blvd. Port-au-Prince, Haiti	No	No	No	Yes	No	(011) (509) 2-9298 or 2-8628
Financiera Industrial Y Agropecuaria S.A. (FIASA) Avenida Reforma 10-00 01009 Guatemala, C.A.	No	No	No	Yes	No	(011) (502) 2310303 or 2-310401
Banco de Exportacion Avenida la Reforma 11-49, Zona 10 Guatemala City	Yes	No	No	No	No	(011) (502) 2-316051
Financiera Guatemalteca Avenida la Reforma 11-49, Zona 10 Guatemala City	Yes	No	No	No	No	(011) (502) 2-316051
Financiera Guatemalteca 1A. Avenida 11-50, Zona 4 01010, Guatemala, C.A.	No	No	Yes	Yes	Yes	(011) (502) 2-373861
Financiera Industrial, SA 7A. Avenida 5-10,Zona 4 Torre II Centro Financiero 01004 Guatemala, C.A.	No	No	No	Yes	No	(011) (502) 2-321750

	Trade Finance	Investment Insurance	Equity Part.	Debt/Equity Loans	Feasibility Study Grants/Loans	Telephone
Financiera De Inversion 10A. Calle 3-17, Zona 10 01010 Guatemala, C.A.	No	No	No	Yes	No	(011) (502) 2-311266
FIDE P.O. Box 2029 Tegucigalpa, Honduras	No	No	Yes, for nontraditional export projects	Yes, for nontraditional export projects	Some assistance	(011) (504) 32-93-45
FPX P.O. Box 1442 San Pedro Sula, Honduras	No	No	Yes, for nontraditional export projects	Yes, for nontraditional agriculture	Some available	(011) (504) 52-3793
FIA Centro Commercial Centroamerica Blvd. Miraflores Tegucigalpa, Honduras	No	No	Yes, for nontraditional export projects	Yes, for nontraditional export projects	Yes	(011) (504) 32-9854
FIDE Banco Central De La Republica Dominicana Ave. Pedro Henriquez Urena Santo Domingo, Dominican Republic	No	No	No	Yes, for nontraditional export projects	No	(809) 689-7121
Trafalgar Development Bank The Towers, 2nd Floor 25 Dominica Drive Kingston 5, Jamaica	No	No	Yes	Yes	Yes	(809) 929-4760/1
Development Bank of the Netherlands Antilles Salinja 206 Willemstad, Curacao Netherlands Antilles	Yes	No	Yes	Yes	No	(011) (599) 9-616862

	Trade Finance	Investment Insurance	Equity Part.	Debt/Equity Loans	Feasibility Study Grants/Loans	Telephone
Korpodeko Breedestraat 39-C (p) Willemstad, Curacao Netherlands Antilles	No	No	Yes	Yes	Yes	(011) (599) 9-616699
Guyana Development Bank 126 Parade and Barrack Streets Kingston, Georgetown Guyana	No	No	No	Yes, for agribusiness	No	(011) (592) 02-58808
Credit Discount Fund Central Bank of Belize Public Building Belize City, Belize	Yes	No	No	No	No	(011) (501) 7216

For a complete listing of sources of financing for CBI projects by country, see *Caribbean Basin Financing Opportunities: A Guide to Financing Trade and Investment in Central America and the Caribbean*, published by the U.S. Department of Commerce and available from the Government Printing Office. (See page 44 for details.)

APPENDIX C.
USEFUL CBI-RELATED PUBLICATIONS

LAC Business Bulletin. This free monthly report lists specific CBI-related business opportunities and contains a calendar of upcoming trade shows, seminars, and other CBI-related events. It is available from:

U.S. Department of Commerce
International Trade Administration
Editor, LAC Business Bulletin
Rm H 3203
Washington, DC 20230
(202) 377-0703

Foreign Economic Trends Reports (FETs) and Overseas Business Reports (OBRs). These describe foreign country economic and commercial trends, trade and investment climates, and market prospects as reported by American Embassy commercial officers. These are available for most CBI countries from:

U.S. Department of Commerce
International Trade Administration
Caribbean Basin Division
Room H 3020
Washington, DC 20230
(202) 377-2527

Caribbean Basin Financing Opportunities: A Guide to Financing Trade and Investment in Central America and the Caribbean. This is a 110-page report published by the U.S. Department of Commerce that includes 85 specific financing sources available to support private sector trade and investment in the Caribbean Basin. It also includes eligibility requirements, procedures, and key contacts.

U.S. Government Printing Office
Superintendent of Documents
Washington, DC 20402
Attn: Order Desk
(202) 783-3238

See page 19 for other GPO locations.

A Basic Guide to Exporting. This is a primer in the terminology and conduct of international trade. It is available from:

U.S. Government Printing Office
(See previous listing.)

Importing into the United States. An essential handbook for importers, it includes information on the U.S. Customs entry process, documentation requirements, packaging of goods, calculating dutiable transaction values, marking requirements, special import regulations, product standards, and quotas.
It is available from:

U.S. Government Printing Office
(See previous listing.)

Agricultural Marketing Handbook for Caribbean Basin Products. This book is an essential reference guide for importers of Caribbean Basin agricultural products. It is available from:

U.S. Department of Agriculture
Office of International Cooperation and Development
Private Sector Relations Division
Room 342, McGregor Building
Washington, DC 20250
(202) 653-7873

Tropical Products Transport Handbook. This handbook contains recommendations for maintaining the quality of fruits, vegetables, plants and flowers during transportation from tropical climates. It is available from:

U.S. Department of Agriculture (See above.)

Fresh Fruits and Vegetables. This publication is a 10-year analysis of U.S. production, consumption, imports, and prices for nine non-traditional fresh fruits and vegetables. It is available from:

U.S. Department of Agriculture
Economic Research Division
1301 New York Avenue, NW.
Washington, DC 20005
(202) 786-1515

Caribbean Databook. This book contains basic economic, financial, political and geographic profiles of each CBI country, including lists of U.S. companies operating in each. It is available from:

Caribbean/Central American Action
Suite 510
1211 Connecticut Avenue, NW.
Washington, DC 20036
(202) 466-7464

Caribbean/Central America in Action. This publication is a quarterly business-oriented review of CBI policy issues, trends and events. It is available from:

Caribbean/Central American Action
(see above.)

Caribbean Update. This monthly newsletter reviews political, economic, and commercial developments throughout the Caribbean Basin region with emphasis on business news. It is available from:

Kal Wagenheim
52 Maple Avenue
Maplewood, NJ 07040
(201) 762-1565

Caribbean Business. This weekly publication focuses on Puerto Rico business news with good coverage of CBI-related topics. It is available from:

Caribbean Business
1700 Fernandez Juncos Avenue
Stop 25 San Juan, PR 00909
(809) 728-3000

Business Latin America. This weekly newsletter contains economic and business news and forecasts covering the entire Latin American region. It is available from:

Business International Corporation
215 Park Avenue, S.--15th Floor
New York, NY 10003
(212) 460-0600

Caribbean Travel and Life Magazine. This periodical carries articles on tourism destinations in the region. It also includes classified advertising for property sales and leases, development projects. It is available from:

Caribbean Travel and Life
8403 Colesville Road
Suite 830
Silver Spring, MD 20910
(301) 588-2300

The 1991 Caribbean Business Directory. This is a two-volume 1200+ page reference work with over 50,000 classified listings of businesses in 26 Caribbean countries plus the Bahamas and Venezuela. It also includes maps and business information pages on each country. The cost is US$49.75 per set, Canada add US$5.00 shipping, overseas add US$7.50 shipping. It is available from:

Caribbean Imprint
Box 350, Department DC
410 West Falmouth Hwy.
West Falmouth, MA 02574
Tel: (508) 5378, or (800) 227-4835.

The CARICOM Exporter. This book is a comprehensive buyer's guide to Caribbean products and services and exports from CARICOM (Caribbean Common Market) countries. It includes CARICOM business information, company lists by Harmonized System code, country-by-country listings of exporting companies, including address, phone, fax, telex, name of contact, size, product(s), brand names, bankers, plant locations, and present markets. It also contains a separate listing of service companies, maps, and "Facts at a Glance" for each country. The cost is US$50.00, plus US $4.00 shipping and handling. It is available from the same company as above.

Directory of American Firms Operating in Foreign Countries. It is available from:

World Trade Academy Press
Suite 509
50 East 42nd Street
New York, NY 10017
(212) 697-4999

The Caribbean Handbook. This is a business-oriented reference book on the Caribbean region, specializing in economic and commercial information. It is updated annually. It is available from:

FT Caribbean
2-A Sloane Avenue
SW#JD, London, United Kingdom
(01) 581-8872

Trade and Employment Effects of the Caribbean Basin Economic Recovery Act. This publication is an annual report by the U.S. Department of Labor to the U.S. Congress on the impact of the CBI on U.S. workers. The report is prepared pursuant to Section 216 of the Caribbean Basin Economic Recovery Act. It is available from:

Division of Foreign Economic Research
Office of International Economic Affairs
U.S. Department of Labor
200 Constitution Avenue, NW - Room S-5325
Washington, DC 20210
(202) 523-7610

Annual Report on the Impact of the Caribbean Basin Economic Recovery Act on U.S. Industries and Consumers. This is an annual report to the U.S. Congress and the President on the impact of the CBI on U.S. industries and consumers. The report is prepared pursuant to Section 215(a) of the Caribbean Basin Economic Recovery Act. It is available from:

Trade Reports Division
Office of Economics
U.S. International Trade Commission
Washington, DC 20436
(202) 252-1807

Almanac of Canning, Freezing, and Preserving Industries. This a 689-page annual publication that contains U.S. labeling and packaging laws and regulations, U.S. food and drug law, current "Good Manufacturing Practice" regulations, USDA quality grade standards, U.S. agricultural statistics, foreign packs, U.S. imports and exports, and a food processors' buying guide to machinery, supplies, and services. The cost is US $43 in the United States, $51 foreign. It is available from:

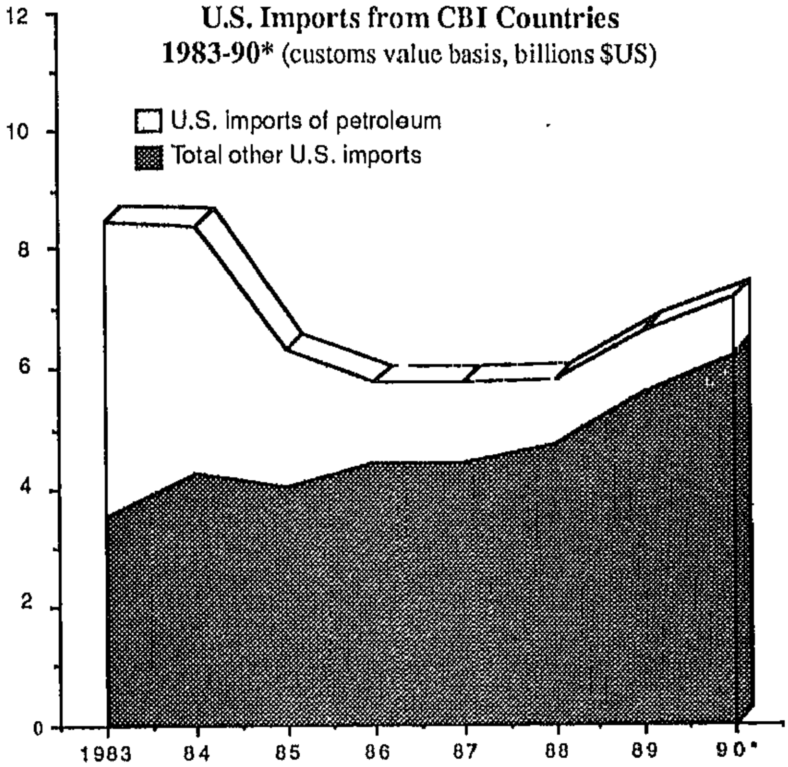
Edward E. Judge & Sons, Inc.
P.O. Box 866
Westminster, MD 21157
(301) 876-2052

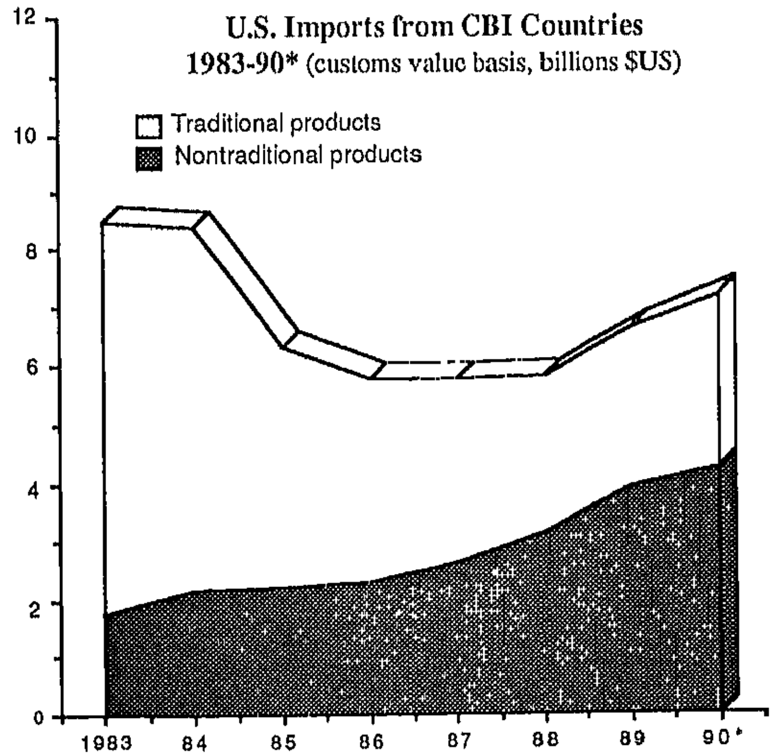
Directory of Canning, Freezing, and Preserving Industries. This publication is sold in standard and deluxe editions. The 704-page standard edition includes detailed profiles of 2,392 companies operating 2,852 processing plants in North America. The listings include plant and headquarters addresses, phones, fax, production volume, personnel, brands, container sizes and types, and products by factory and by process. The expanded 1,360-page deluxe edition adds company profiles by geographic region and by process type. The cost for the standard edition is US $125. The deluxe edition sells for US $335. It is available from same company as above.

North American Communications. This firm publishes an annual Caribbean - American Directory of 6,000 U.S. corporations who have current interests in The Caribbean Basin and lists their personnel, products and services. It is available from:

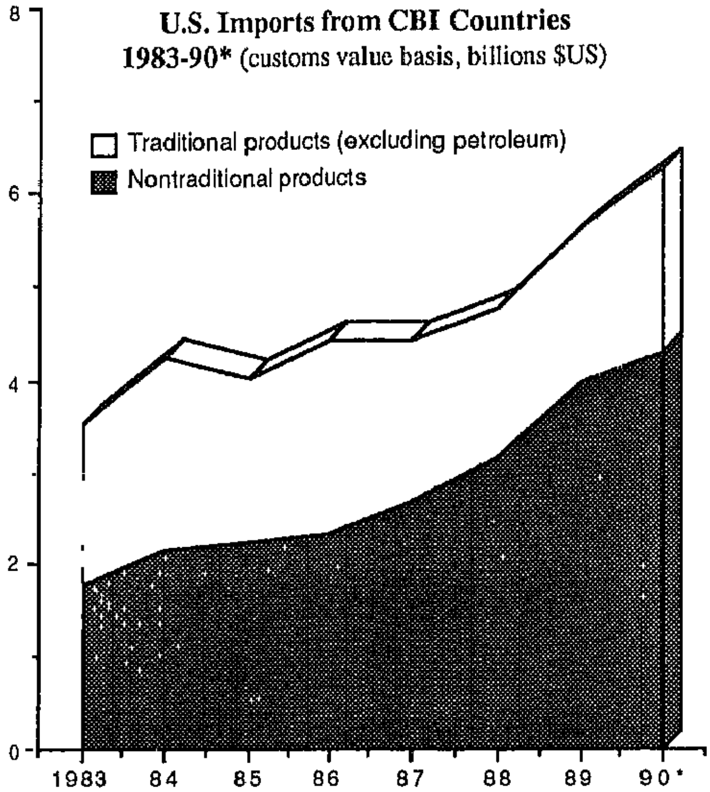
North American Communications
1377 K Street, N.W.
Suite 663
Washington, DC 20005
(202) 544-3238

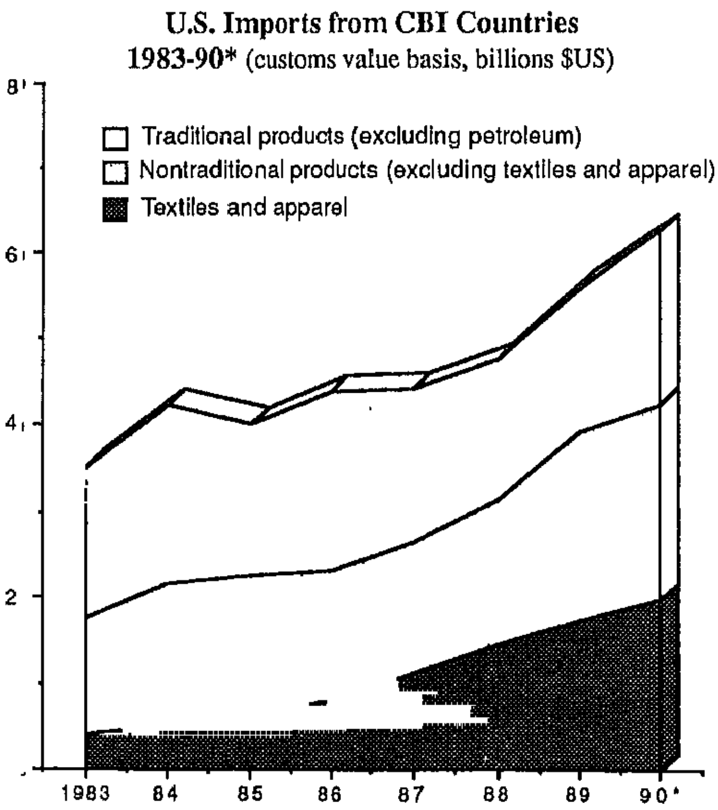
APPENDIX D. U.S.-CBI TRADE DATA





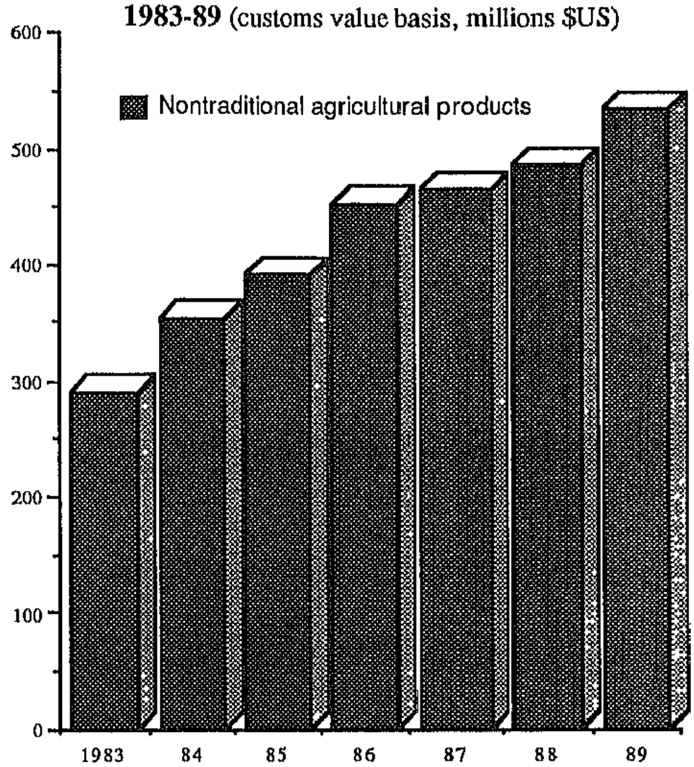
* Projection based on first six months of 1990. Data do not include Panama.



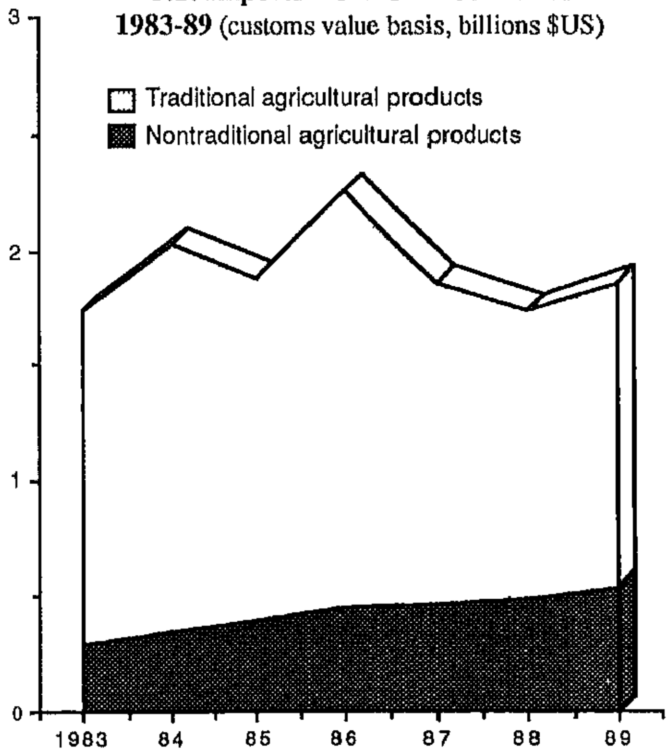


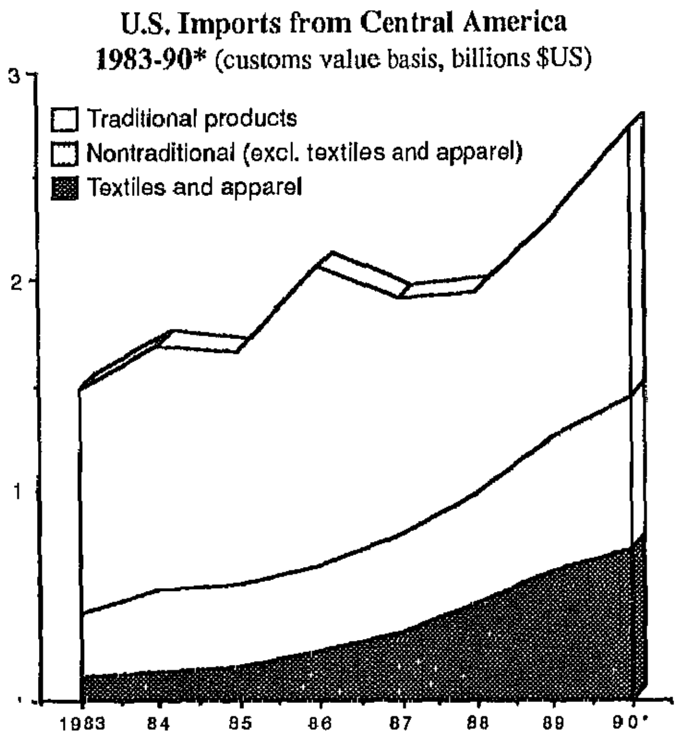
* Projection based on first six months of 1990. Data do not include Panama.

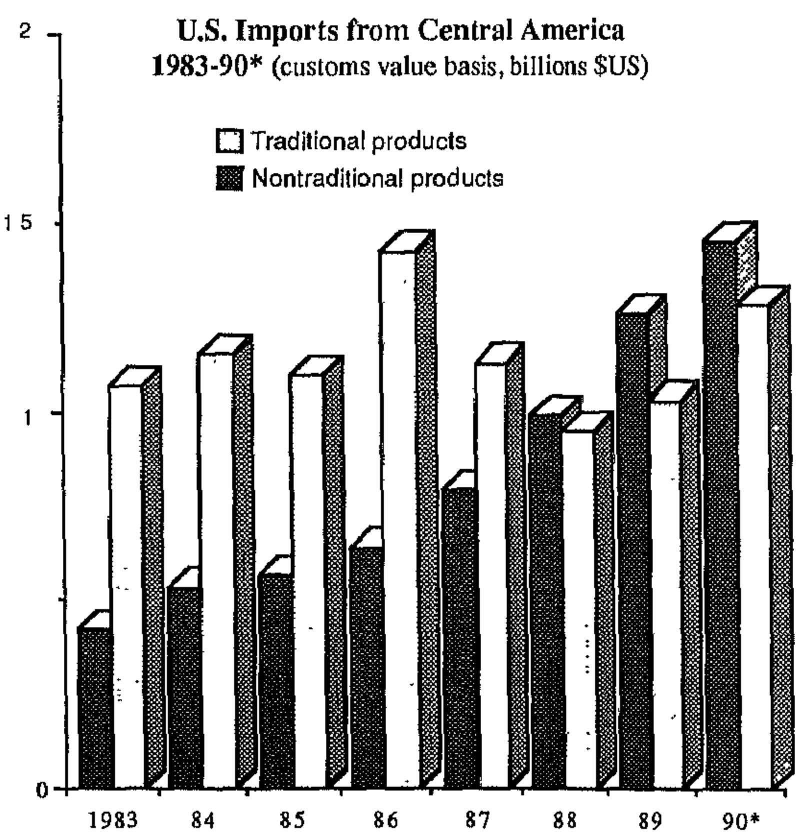
U.S. Imports from CBI Countries
1983-89 (customs value basis, millions $US)



U.S. Imports from CBI Countries
1983-89 (customs value basis, billions $US)

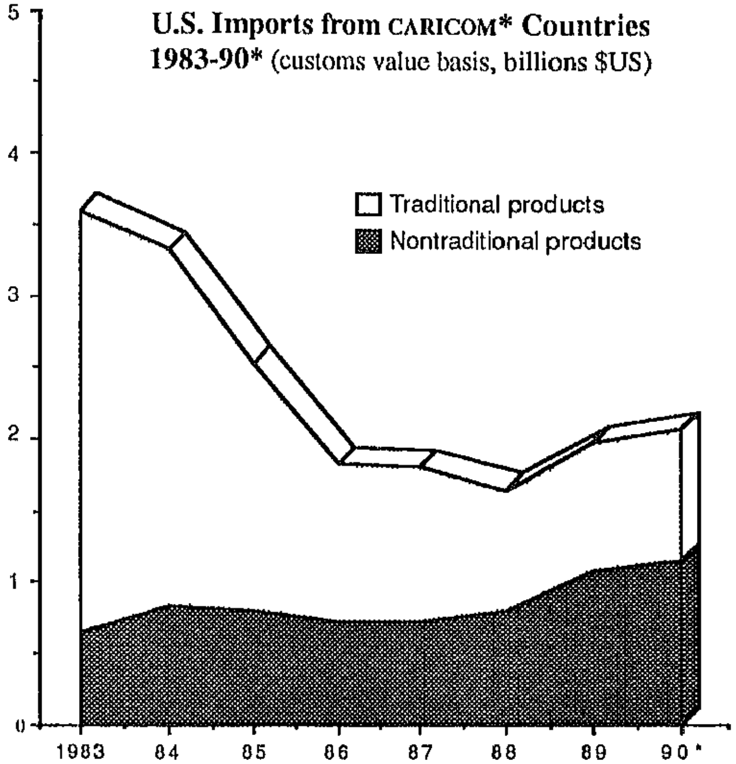


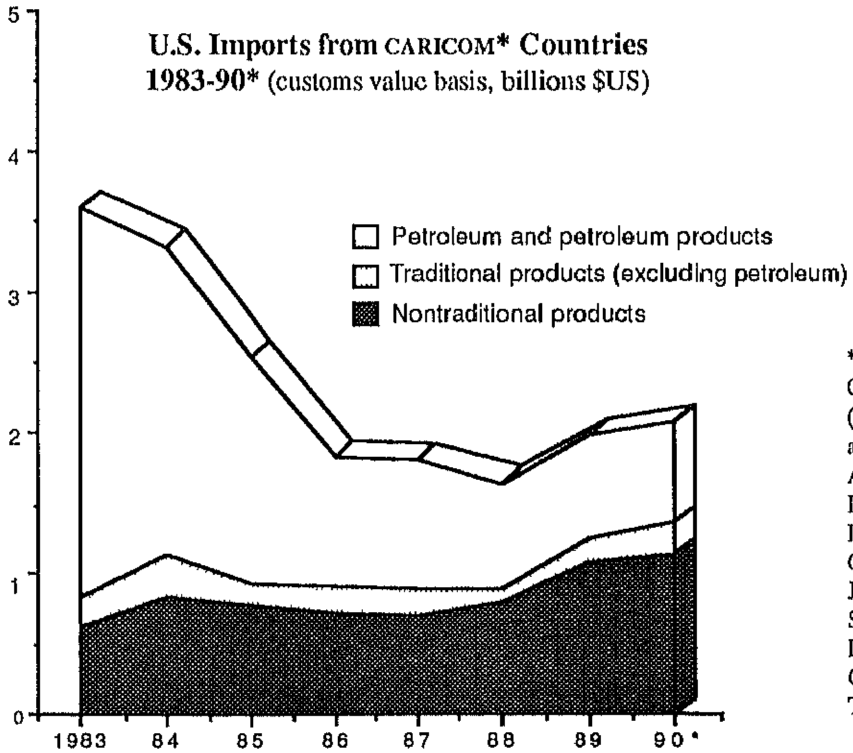




Central America includes:
Costa Rica
El Salvador
Guatemala
Honduras

* Projection based on first six months of 1990.

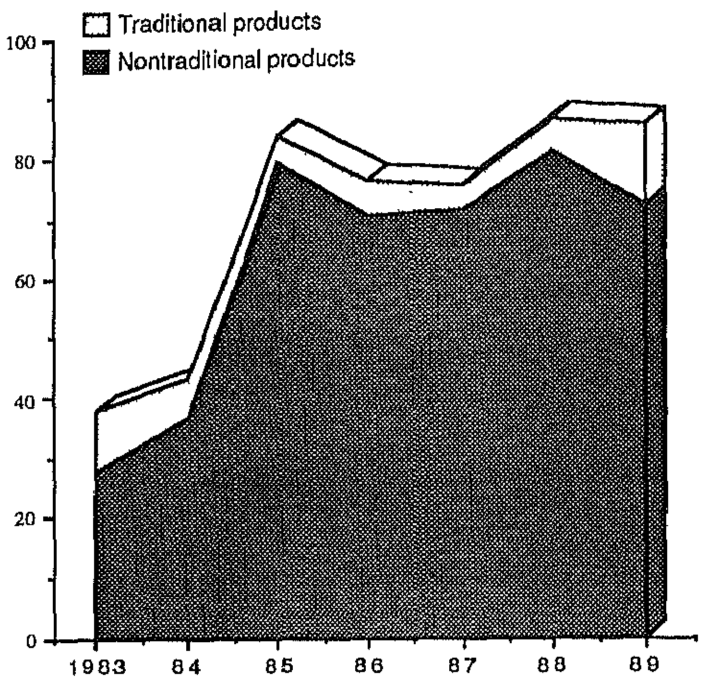




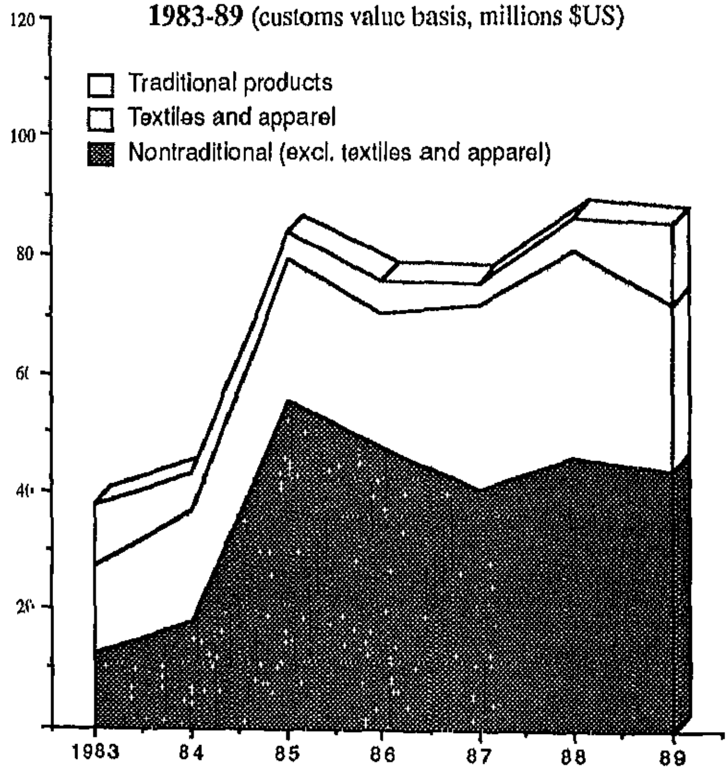
*Caribbean Common Market (CARICOM) members are: Antigua/Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts/Nevis, St. Lucia, St. Vincent / Grenadines, and Trinidad/Tobago.

* Projection based on first six months of 1990.

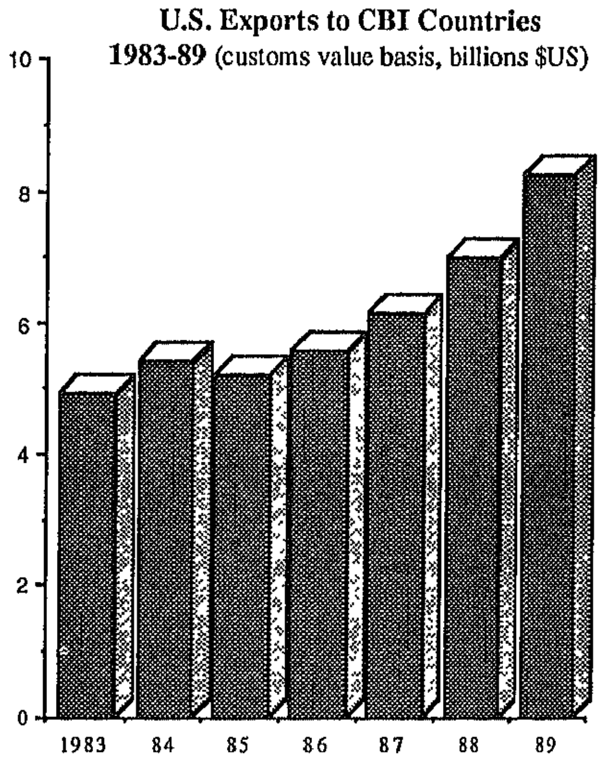
U.S. Imports from OECS* Countries
1983-89 (customs value basis, millions $US)

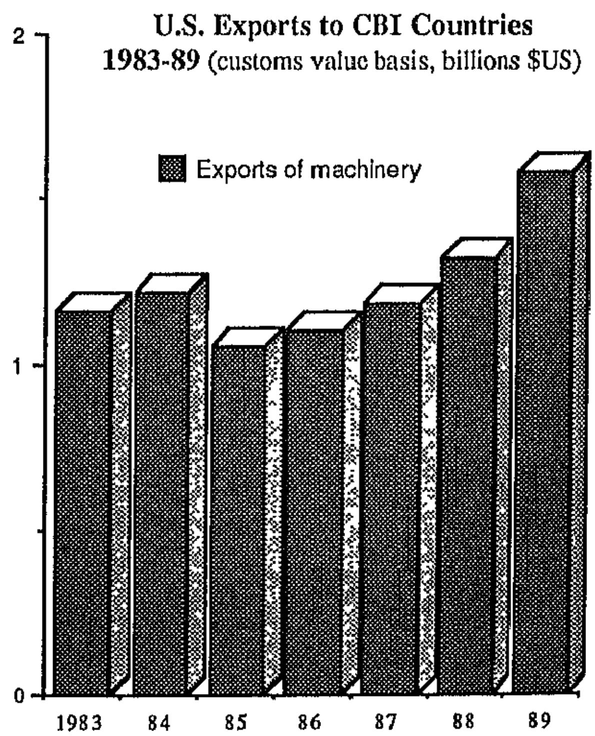


U.S. Imports from OECS* Countries
1983-89 (customs value basis, millions $US)

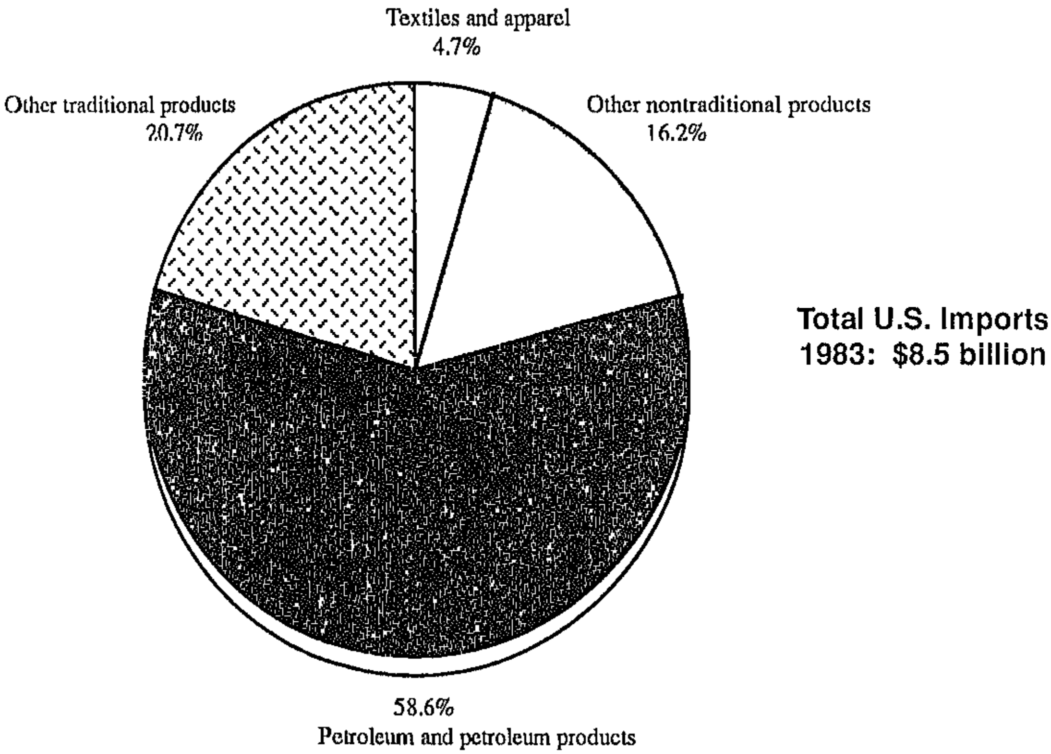


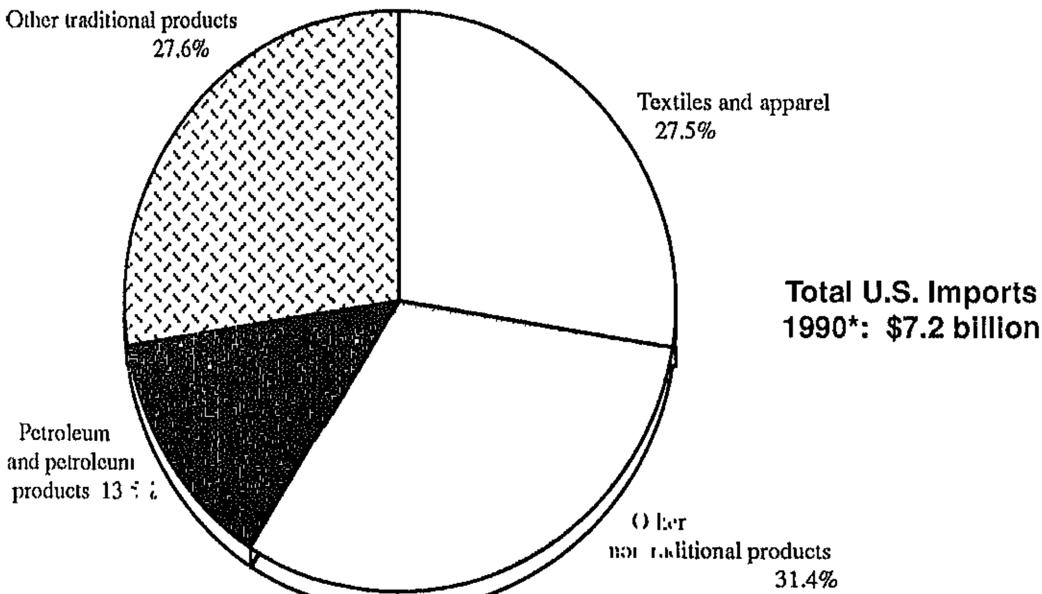
*Oganization of Eastern Caribbean States (OECS) members are: Antigua/Barbuda, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Lucia, and St. Vincent /Grenadines.


U.S. Exports to CBI Countries
1983-89 (customs value basis, billions $US)
10
8
6
4
2
0
1983
84
85
86
87
88
89


U.S. Exports to CBI Countries
1983-89 (customs value basis, billions $US)
Exports of machinery
2
1
0
1983
84
85
86
87
88
89

Composition of U.S. Imports from CBI Countries, 1983 vs. 1990* (customs value basis, billions US$)





* 1990 totals are projections based on first six months of the year.

U.S. Imports from CBI Countries, 1983-1990*, (customs value basis, millions $US)

All Commodities

									Annual Rate	
Central America	1983	1984	1985	1986	1987	1988	1989	1990*	83/90	89/90
Belize	27.3	42.8	47.0	50.2	42.9	52.0	43.1	44.7	6.4%	3 9%
Costa Rica	386.5	468.6	489.3	646.5	671.0	777.8	967.9	1067.8	13.5%	10.3%
El Salvador	358.9	381.4	395.7	371.8	272.9	282.6	243.9	214.2	-6.1%	-10 9%
Guatemala	374.7	446.3	399.6	614.7	487.3	437.0	608.3	925 6	12.0%	52.2%
Honduras	364.7	393.8	370.2	430.9	483.1	439.5	456.8	544.0	5.1%	19.1%
Panama	336.1	311.6	393.6	352.2	342.7	256.0	258.3	234.6	-4.4%	-9.2%
Total	**1848.3**	**2044.5**	**2095.3**	**2466.3**	**2299.8**	**2245.0**	**2578.3**	**3000.1**	**6.2%**	**16.4%**
Eastern Caribbean	1983	1984	1985	1986	1987	1988	1989	1990*	83/90	89/90
Antigua-Barbuda	8.8	7.9	24.7	11.8	8.6	6.9	12.3	3.1	-12.3%	-74.8%
British Virgin Islands	.9	1.3	11.9	5.9	11.2	.7	1.1	.9	0.4%	-18.2%
Dominica	0.2	0.1	14.2	15.2	10.3	8.5	7.7	9.5	58.2%	23.8%
Grenada	0.2	0.8	1.3	3.0	3.6	7.3	7.9	7.1	55.1%	-10.0%
Montserrat	0.9	1.0	3.6	3.5	2.4	2.4	2.3	1.5	5.9%	-36.1%
St. Kitts-Nevis	18.8	23.1	16.3	22.3	23.8	20.8	21.4	16.9	-1.3%	-21.4%
St. Lucia	4.7	7.4	13.8	12.3	17.9	26.0	24.0	27.6	24.8%	15.1%
St. Vincent-Grenadines	4.3	3.0	9.6	7.8	8.5	14.0	9.2	11.9	13.6%	28.2%
Total	**38.8**	**44.6**	**95.4**	**81.8**	**86.3**	**86.7**	**85.9**	**73.0**	**8.2%**	**-15.0%**
Other Caribbean	1983	1984	1985	1986	1987	1988	1989	1990*	83/90	89/90
Aruba	0	0	0	1.8	2.5	.6	1.2	.6	-19.9%	-48.9%
Bahamas	1676.4	1154.3	626.1	441.0	377.9	268.3	460.7	474.5	-14 6%	3 0%
Barbados	202.0	252.6	202.2	109.0	59.1	41.4	38.7	32.8	-20 3%	-15.2%
Dom. Republic	806.5	994.4	965.8	1058.9	1144.2	1425.4	1636.9	1800.3	10.6%	10.0%
Guyana	67.3	74.4	46.0	62.9	58.8	50.4	55.9	71.5	0.7%	28.0%
Haiti	337.5	377.4	386.7	368.4	393.7	382.5	371.9	358.8	0.8%	-3.5%
Jamaica	262.4	396.9	267.0	297.9	393.9	440.9	526.7	586.8	10.6%	11.4%
Netherlands Antilles	2274.5	2024.4	793.2	453.3	478.8	408.1	374.4	274.0	-23.2%	-26.8%
Trinidad-Tobago	1317.5	1360.1	1255.5	786.4	802.8	701.7	765.3	793.7	-6.1%	3.7%
Total CBI	**8831.2**	**8723.6**	**6733.2**	**6127.7**	**6097.9**	**6061.1**	**6895.8**	**7453.7**	**-2.1%**	**8.1%**
Percentage Change		-1.2%	-22.8%	-9.0%	-.5%	-.6%	13.8%	8.1%		

* 1990 figures are projections based on first 6 months of the year and are unadjusted for seasonal variation.

U.S. Imports from CBI Countries, 1983-1990*, (customs value basis, millions $US)

Nontraditional products

Central America	1983	1984	1985	1986	1987	1988	1989	1990*	Annual Rate 83/90	Annual Rate 89/90
Belize	14.1	29.2	40.9	38.1	36.7	40.8	35.3	31.8	10.7%	-10.0%
Costa Rica	134.8	183.1	229.7	303.2	363.4	483.5	652.6	760.8	24.2%	16.6%
El Salvador	120.1	156.2	122.2	91.7	110.4	121.5	122.8	126 1	0 6%	2.7%
Guatemala	60.7	75.5	83.1	98.9	141.1	188.3	266.5	329.4	23.5%	23.6%
Honduras	106.7	120.6	129.9	147.3	174.8	196.4	211.6	234 2	10.3%	10.7%
Panama	178.2	156.1	210.8	219.3	232.7	186.7	211.4	194.1	1.1%	-8.2%
Total	**614.5**	**720.8**	**816.6**	**898.6**	**1059.1**	**1217.2**	**1500.2**	**1672.9**	**13.3%**	**11.5%**

Eastern Caribbean	1983	1984	1985	1986	1987	1988	1989	1990*	83/90	89/90
Antigua-Barbuda	6.6	7.9	24.6	11.8	8.6	6.9	4.7	6.0	-1.1%	26.4
British Virgin Islands	.4	.8	2.0	.6	.7	.6	.8	.6	5.0%	-24.2%
Dominica	.2	.08	13.5	14.4	10.3	8.5	7.5	9.2	58.2%	23.8%
Grenada	.2	.6	1.2	2.7	2.9	.54	7.8	6.7	54.0%	-1.2%
Montserrat	.9	1.0	2.9	3.5	2.2	2.3	2.2	1.5	6.1%	-33.5%
St. Kitts-Nevis	10.6	17.0	13.9	18.0	21.0	17.7	17.5	14.8	4.3%	-15.4%
St. Lucia	4.7	7.3	13.6	12.1	127.7	25.9	23.9	27.1	24.7%	13.5%
St. Vincent-Grenadines	4.2	2.9	9.6	7.8	8.5	13.9	9.1	11.7	13.6%	28.7%
Total	**27.8**	**37.6**	**81.3**	**70.9**	**71.9**	**81.1**	**72.4**	**76.8**	**13.6%**	**6.0%**

Other Caribbean	1983	1984	1985	1986	1987	1988	1989	1990*	83/90	89/90
Aruba	0	0	0	1.6	.4	.6	.8	.6		
Bahamas	128.8	140.3	156.9	199.1	158.2	125.3	348.6	373.6	-16.8%	-23.3%
Barbados	192.2	244.1	189.6	105.9	50.9	42.6	34.6	27.8	14.2%	7.2%
Dom. Republic	314.3	369.7	445.6	553.8	715.6	948.9	1192.8	1300.8	-21.5	-19.6
Guyana	32.4	32.2	20.1	32.1	26.5	27.3	23.7	26.8	19.4%	9.1%
Haiti	290.4	332.6	357.5	344.4	366.4	364.7	346.8	338.8	-2.3%	13.0%
Jamaica	128.2	183.1	175.4	182.4	263.4	325.6	397.7	436.0	1.9%	-2.3%
Netherlands Antilles	093.4	59.6	79.4	43.3	62.3	49.4	49.9	27.9	16.5%	9.6%
Trinidad-Tobago	123.5	176.9	131.3	103.0	111.8	162.1	173.4	177.5	-14.0%	-44.2%
									4.6%	2.3%
Total CBI	**1945.6**	**2297.0**	**2453.6**	**2534.9**	**2886.5**	**3344.8**	**4141.0**	**4443.6**	**10.9%**	**7.3%**
Percentage Change		**18.1%**	**6.8%**	**3.3%**	**13.9%**	**15.9%**	**23.8%**	**7.3%**		

* 1990 figures are projections based on first 6 months of the year and are unadjusted for seasonal variation.

APPENDIX E. THE CARIBBEAN BASIN ECONOMIC RECOVEERY EXPANSION ACT OF 1990 (CBI II)

On August 20, President Bush signed into law the Customs and Trade Act of 1990, which includes the Caribbean Basin Economic Recovery Expansion Act of 1990 (CBI II). CBI II, provides several measures to extend and expand the original CBI legislation passed in 1983.

The most important provision of CBI II is the permanent extension of the duty-free treatment most goods produced in the region receive upon entry into the U.S. market. Under the original legislation, this duty-free eligibility was to expire on September 30, 1995.

The bill does not greatly expand the list of products eligible for duty-free treatment. However, it does contain other benefits and provisions that should provide a considerable degree of support for continued growth and diversification of Caribbean Basin economies. The following is a summary of the provisions and findings of the new law.

Amendments to the Original CBI legislation:

[Section 211]

Repeal of the termination date on duty-free treatment defined under the original legislation

This provision extends duty-free treatment in perpetuity.

[Section 212]

Duty reduction for certain leather-related products

Under Section 212 of CBI II, tariffs will be reduced by 20 percent on certain leather products (such as flat goods, leather apparel, and work gloves -- but not leather footwear), phased in over five years, with no more than a 2.5 percentage-point reduction permitted on any one product. Tariff reductions will not begin until January 1992. This date was inserted to make it clear that CBI reductions come on top of--and are not part of--reductions that result from Uruguay Round GATT negotiations. However, depending on the depth of the Uruguay Round cuts, the differential between the standard rate and the CBI rate may be limited to no more than 1 percentage point of the total tariff rate.

Because of the 2.5 percentage point limitation, the full 20 percent reduction will not apply to any product with a current tariff rate higher than 12.5 percent. For example, if the tariff rate on a product is 15 percent, the tariff will not be cut by 20 percent (3 percentage points), it will be cut the maximum 2.5 points, leaving a tariff of 12.5 percent at the end of the five-year period.

[Section 213]

Worker rights

This provision mandates that the President not designate any country a CBI beneficiary that does not conform to internationally recognized standards for worker rights as defined under the Generalized System of Preferences (GSP) program. Worker rights language was included in the original CBI legislation. This provision mandates that those provisions now conform to GSP standards.

[Section 214]

President's report on the operation of the CBI

This provision calls for the President to report to Congress on the operation of the CBI by October 1, 1993, and every three years thereafter.

[Section 215)

Treatment of articles produced in Puerto Rico

Duty-free treatment is granted for articles produced in Puerto Rico and further processed in a CBI beneficiary country, provided those goods are imported directly into the United States from the CBI country.

Section 215 does not cover products which have been excluded historically from CBI duty-free treatment.

Section 215 can be applied retroactively. If one has previously unliquidated products which were either fully or partially dutiable that would qualify under this new provision, one can apply for such duty-free treatment. Such an application for unliquidated goods entering between August 5, 1983 and October 1, 1990 must be made by April 1, 1991.

Since this provision does not extend to previously excluded product types, and since Puerto Rican materials could always be fully counted towards meeting the 35 percent value-added test, the main impact of Section 215 will be on operations that Customs found did not meet substantial transformation requirements or create a product of the CBI country. These operations would include the enameling discussed earlier, minor assembly or finishing operations, repairs or alterations to merchandise, and the like.

[Section 216]

CBI in the Eastern Caribbean and Belize

This provision is a sense of Congress that special efforts should be undertaken by the various agencies within the U.S. Government to enhance the ability of Eastern Caribbean countries and Belize to take fuller advantage of the CBI program.

Amendments to the Harmonized Tariff System and Other CBI Provisions:

[Section 221]

Increasing duty-free tourist allowances

This provision will increase the duty-free allowance for U.S. residents returning from a CBI country from $400 to $600, and increase from 1 liter to 2 liters the amount of alcoholic beverages tourists are allowed to bring into the United States duty free, provided that at least 1 liter is produced in a CBI beneficiary country. This amendment also increases the duty-free allowance for U.S. residents returning from U.S. possessions (U.S. Virgin Islands) from $800 to $1,200.

[Section 222]

Duty-free treatment for articles assembled in CBI countries from components produced in the United States

Under current U.S. law, any article returning to the United States after being advanced in value or improved in condition abroad is treated as a "foreign article," and thereby subject to U.S. duties and quotas upon reentry. Under this new provision, the law is amended to grant duty and quota exemption to articles (other than textiles, apparel, and petroleum and petroleum products) that are: 1) assembled or processed in whole of fabricated components or materials that are products of the United States, or 2) processed in whole of ingredients that are products of the United States, in a beneficiary country.

If these provisions are met, then the imported merchandise will not be "treated as a foreign article, or as subject to duty." For products that have historically been eligible for duty-free and quota-free treatment under the CBI, these changes expand the types of operations that can be performed. The reason being that Customs will no longer need to consider whether the processing "substantially transforms" the U.S. inputs to create a "product of" the CBI country. For example, before the new legislation, if one were to produce jewelry or cookware in the United States and ship it to a CBI country to be enameled, Customs would not have considered that enameling operation significant enough to create a "new and different article of commerce." Therefore, the finished product would have been considered by Customs to be fully dutiable. Under the new law, assuming U.S. enamel is used, the product would enter duty free. The same applies to a wide range of finishing and minor assembly operations that Customs would have previously considered to be either fully or partially dutiable.

Section 222 also eliminates consideration of the 35 percent value-added criteria. This could affect a number of potential operations.

For example, assume one wishes to assemble a number of high-valued U.S. electronic components into a finished article. While Customs would likely consider that operation to create a product of the CBI country, the direct costs of that assembly operation could easily not be great enough in relation to the high value of the components to meet the 35 percent value-added test. Thus, the operation would have been partially or fully dutiable. Under the new provision, the finished article would clearly qualify for duty-free entry.

By including the concept of processing as well as assembly, the new provision also eliminates a difficulty of those who have been involved in 806-type (now item 9802.00.80, under the Harmonized Tariff Schedules of the United States) assembly operations. A common question in this type of situation is whether Customs considers a particular operation to be more than "incidental" to the assembly, e.g., bending, cutting, finishing, painting, etc. Under previous law, if Customs found some particular operation to be more than incidental or "further fabrication" of the U.S. components, it would deny either fully or partially the duty reductions allowed under 9802 for those components. This new provision will allow for further fabrication of the U.S. components and duty-free entry.

One other advantage under Section 222 is that it effectively allows a company to gradually start up an operation and still receive duty-free treatment from the beginning, provided all of the components are of U.S. origin. In other words, one can begin with relatively simple processing steps and gradually increase the amount and complexity of the operations actually performed in the offshore facility. Since the substantial transformation and value-added criteria are no longer relevant, the processed product would immediately be eligible for duty-free return.

Another important aspect of Section 222 is that it is applicable to merchandise that historically has been excluded from CBI coverage. Products such as footwear, handbags, and luggage produced from U.S. materials and components can now be manufactured under this provision and returned to the United States free of duty. The only products not eligible under this new provision are textiles, apparel, petroleum, and certain products derived from petroleum. Not only does Section 222 open up a number of interesting possibilities for businesses involved in these previously excluded areas, it also gives the CBI countries a strong competitive edge over other offshore locations in attracting these types of industries, since these products continue to be excluded from coverage under the Generalized System of Preferences.

Given the fact that these provisions are new, and that their exact meaning is not as yet absolutely clear, securing an administrative ruling from the Customs Service on the particular operation being planned is strongly recommended. (For an administrative ruling, contact: U.S. Customs Service, Value and Special Classification Branch, Classification and Value Division, 1301 Constitution Ave., NW., Washington, DC 20229, Tel: (202) 566-2938.)

[Section 223]

Rules of origin for CBI beneficiary products

This amendment enables the President to alter rules of origin for products produced in CBI countries qualifying for duty-free treatment, under certain guidelines and with congressional approval.

Under current law, to qualify for duty-free treatment, a product must be: 1) imported directly from a CBI country into U.S. customs territory; 2) meet 35 percent value-added requirements; and 3) conform to substantial transformation requirements. The International Trade Commission will undertake a study to assess whether revised rules of origin are appropriate and report its findings to the President and Congress within nine months from the date of enactment.

[Section 224]

Separate Cumulation Under Countervailing Duty (CVD) and Antidumping (AD) Laws

Under current law, imports from two or more countries subject to antidumping or countervailing duty investigation must be aggregated to determine whether the unfair trade practice

causes material injury to a U.S. industry. If imports from a CBI country are under investigation in an AD or CVD case, under Section 224 of CBI II, imports from that country will no longer be aggregated with imports from non-CBI beneficiaries under investigation.

This provision was included to prevent small CBI countries from being aggregated with larger non-CBI countries in AD or CVD cases. For example, before this amendment, if Costa Rica and Romania were under investigation for dumping cut flowers on the U.S. market at below production costs, the exports of cut flowers from both countries would be added together to determine the level of injury to U.S. industry. If the total exports of the two countries accounted for a certain percentage of the total market for cut flowers, for example 25 percent, the U.S. International Trade Commission might rule that that level of market share caused material injury to the U.S. cut flower industry and impose countervailing duties on Costa Rican and Romanian cut flowers. It would not matter if Romania's exports represented 24 percent of the 25 percent market share and Costa Rica 1 percent. Both would be subject to countervailing duties.

Under the new law, Costa Rica's cut flower imports would not be aggregated with Romania's (for investigation of Costa Rican exports) and thus the chances that its exports would be viewed as causing material injury would be less likely.

[Section 225]

Ethyl alcohol

The Steel Trade Liberalization Program Implement-ation Act (19 USC 2703) is amended to cover calendar years after 1989. This act provides specific rules-of-origin requirements for ethyl alcohol imported into the United States from CBI beneficiary countries.

Section 225 of CBI II extends the "grandfather" provision on ethyl alcohol or ethanol produced with non-CBI feedstock, which was passed in late 1989. The origin of this provision is the Tax Reform Act of 1986, which required increasing amounts of CBI feedstock in order for ethanol to qualify for duty-free treatment. Beginning in 1989, 75 percent value of the feedstock had to be of CBI origin. This requirement was imposed to prevent pass-through operations (largely using European wine alcohol). However, recognizing that this requirement made existing operations uneconomical and in fairness to companies that had made a significant investment based on 1983 CBI legislation, non-CBI feedstock provisions were included to allow several companies to operate under pre-1986 criteria, subject to an overall cap of 60 million gallons of ethanol made entirely from non-CBI inputs.

[Section 226]

Conforming GSP to CBI rules-of-origin requirements

This provision is an amendment to the GSP program, with the intent of making GSP rules-of-origin requirements conform to CBI requirements, which are more stringent. As such, this provision does not materially affect the CBI program but may indirectly make certain CBI-produced goods more competitive, as it may cause selected goods produced in non-CBI countries that do not meet these rules-of-origin requirements to lose GSP status.

[Section 227]

Requirement for investment of 936 Funds in Caribbean Basin countries

Section 936 of the Internal Revenue Code exempts U.S. companies doing business in Puerto Rico from U.S. corporate income taxes on profits deposited in the Puerto Rican banking system. These funds may be lent at below market rates to finance development projects in qualifying CBI countries (countries that have signed and put into force Tax Information Exchange Agreements with the United States). In 1986, the Government of Puerto Rico committed to provide a minimum of $100 million in 936 funds per year to projects in qualifying countries. Section 227 of CBI II formalizes this commitment.

Since the inception of the 936 lending program, most of the roadblocks that have been encountered--including issuance of loan regulations and identification of a sufficient num-

ber of commercially viable projects--have been overcome. Additionally, with the inclusion of other countries in the program (Dominican Republic and Trinidad and Tobago), the $100 million target should be easily attainable.

Scholarship Assistance and Tourism Promotion:

[Section 231]

Scholarship assistance
This provision requires the Administrator of the Agency for International Development to establish and administer a program of scholarship assistance, in cooperation with state governments, universities, community colleges, and businesses, to enable students from eligible CBI beneficiary countries to study in the United States.

[Section 232]

Promotion of tourism
This section is a sense of Congress that tourism is one of the CBI region's most important industries; that it should be recognized as a central element in the economic development of the region; and that tourism development should be a high priority in U.S. Government agencies' program formation in support of the CBI.

This provision also requires the Secretary of Commerce to complete a study initiated in 1986 on tourism development strategies for the Caribbean region.

Miscellaneous Provisions:

[Section 241]

Pilot customs preclearance program
This provision requires the Commissioner of Customs to: carry out pilot customs preclearance operations in a CBI country during fiscal years 1991 and 1992; to report to Congress on its effectiveness in stimulating tourism in that country; and to determine if preclearance operations should be established in other CBI countries. The pilot operation will be carried out in either Aruba or Jamaica, unless the Commissioner of Customs determines that the project is not viable in either of those two countries.

[Section 242]

Trade benefits for Nicaragua
This section of the bill authorizes the President to grant GSP and CBI beneficiary status to Nicaragua through the end of 1990, as a temporary measure to allow for application processing for permanent CBI and GSP status.

[Section 242]

Agricultural infrastructure support
This provision is a sense of Congress that the Secretary of Agriculture should coordinate with the Agency for International Development the creation of programs to encourage improvements in the transportation and cargo handling infrastructure in CBI countries to improve agricultural trade.

[Section 243]

Trade benefits for the Andean region
This section is a sense of Congress urging the President to: consider the merits of extending CBI trade benefits to the Andean region; to explore additional mechanisms to expand trade opportunities for the Andean region; and report to Congress on the results of this review.

APPENDIX F. U.S. AND FOREIGN COMMERCIAL SERVICE DISTRICT OFFICES IN THE UNITED STATES

ALABAMA, Birmingham, 2015 2nd Ave., North 3rd Floor, Berry Bldg, 35203, Tel (205) 264-1331

ALASKA, Anchorage, 222 West 7th Ave., P.O. Box 32, 99513, Tel (907) 271-5041

ARIZONA, Phoenix, Federal Bldg. & U.S. Courthouse, 230 North 1st Ave., Rm. 3412, 85025, Tel (602) 261-3285

ARKANSAS, Little Rock, Suite 811, Savers Federal Building, 320 W. Capitol Ave., 72201, Tel (501) 378-5794

CALIFORNIA, Los Angeles, 11000 Wilshire Blvd., 90024. Tel (213) 209-7104

• Santa Ana, 116-A W. 4th St., Suite #1, 92701, Tel (714) 836-2461

San Diego, 6363 Greenwich Dr., 92122, Tel (619) 557-5395

* San Francisco, Federal Building, Box 36013, 450 Golden Gate Ave., 94102, Tel (415) 556-5860

COLORADO, *Denver, 680 World Trade Center, 1625 Broadway, 80202 Tel (303) 844-3246

CONNECTICUT, *Hartford, Room 610-B, Federal Office Building, 450 Main St., 06103, Tel (203) 240-3530

DELAWARE, Serviced by Philadelphia District Office

DISTRICT OF COLUMBIA, •Washington, DC. (Baltimore, Md. Disrict), Rm. 1066 HCHB, Department of Commerce, 14th St. & Constitution Ave., NW. 20230, Tel (202) 377-0334

FLORIDA, Miami, Suite 224, Federal Building, 51 SW. First Ave., 33130, Tel (305) 536-5267

• Clearwater, 128 North Osceola Ave., 33515, Tel (813) 461-0011

• Jacksonville, 3100 Univ. Blvd., South 32216, Tel (904) 791-2796

• Orlando, c/o College of Business Administration CEBA II, Room 346, University of Central Florida, 32802, Tel.(407) 648-1608.

•Tallahassee, Collins Bldg., Rm. 401, 107 W. Gaines St., 32304, Tel (904) 488-6469

GEORGIA, Atlanta, Suite 504, 1365 Peachtree St., NE. 30309, Tel (404) 347-7000

Savannah, 120 Barnard St., 31402, Tel (912) 944-4204

HAWAII, Honolulu, 4106 Federal Building, P.O. Box 50026, 300 Ala Moana Blvd., 96850, Tel (808) 541-1782

IDAHO, • Boise (Portland, Ore. District) Hall of Mirrors Bldg., 700 W. State St., 2nd Fl, 83720, Tel (208) 334-3857

ILLINOIS, Chicago, 1406 Mid Continental Plaza Building, East Monroe St., 60603, Tel (312) 353-4450

• Palatine, W.R. Harper College, Algoquin & Roselle Rd., 60067, Tel (312) 397-3000

• Rockford, 515 North Court St., P.O. Box 1747, 61110, (815) 987-8123

INDIANA, Indianapolis, One North Capitol, Suite 520, 46204; Tel (317) 226-6214

IOWA, Des Moines, 817 Federal Building, 210 Walnut St., 50309, Tel (515) 284-4222

KANSAS, • Wichita (Kansas City, Missouri District), River Park Place, Suite 580, 727 North Waco, 67203, (316) 269-6160

---

* Denotes Regional Office with supervisory regional responsibilities

• Denotes Trade Specialist at branch office

KENTUCKY, Louisville, Room 636B, Gene Snyder Courthouse and Customhouse Building, 601 West Broadway, 40202, Tel (502) 582-5066

LOUISIANA, New Orleans, 432 World Trade Center, No. 2 Canal St., 70130, Tel (504) 589-6546

MAINE, Augusta (Boston, Massachusetts District), 77 Sewell St., 04330, Tel (207) 622-8249

MARYLAND, Baltimore, 413 U.S. Customhouse, Gay and Lumbard Sts., 21202, Tel (301) 962-3560

MASSACHUSETTS, Boston, World Trade Center, Suite 307 Commonwealth Pier Area, 02210, Tel (617) 565-8563

MICHIGAN, Detroit, 1140 McNamara Bldg., 477 Michigan Ave., 48226, Tel (313) 226-3650

• Grand Rapids, 300 Monroe N.W., Rm. 409, 49503, (616) 348-1638

MINNESOTA, Minneapolis, 108 Federal Bldg. 110 S. 4th St., 55401, Tel (612) 348-1638

MISSISSIPPI, Jackson, 328 Jackson Mall Office Center, 300 Woodrow Wilson Blvd., 39213, Tel (601) 965-4388

MISSOURI, * St. Louis, 7911 Forsyth Blvd., Suite 610, 63105, Tel (314) 425-3302-4

Kansas City, Room 635, 601 East 12th St., 64106, Tel (816) 426-3141

MONTANA, Serviced by Idaho District Office

NEBRASKA, Omaha, 1113 O St. , 68137, Tel (402) 221-3664

NEVADA, Reno, 1755 E. Plumb Lane, #152, 89502, Tel (702) 784-5203

NEW HAMPSHIRE, Serviced by Boston Distrct Office

NEW JERSEY, * Trenton, 3131 Princeton Pike Bldg., Suite 100, 08648, Tel (609) 989-2100

NEW MEXICO, Albuquerque, 5000 Marble Ave. NE, Suite 320, 87110, Tel (505) 262-6024

• Santa Fe, (Dallas, TX District), c/o Economic Development and Tourism Dept., 1100 St. Francis Drive, 87503, (505) 827-0264

NEW YORK, Buffalo, 1312 Federal Building, 111 West Huron St., 14202, Tel (716) 846-4191

• Rochester, 111 East Ave., Suite 220, 14604, Tel. (716) 263-6480

New York, Federal Office Bldg., 26 Federal Plaza, Foley Square, 10278, Tel (212) 264-0634

NORTH CAROLINA, *Greensboro, 324 West Market St., P.O. Box 1950, 27402, Tel (919) 333-5345

NORTH DAKOTA, Serviced by Omaha District Office

OHIO, * Cincinnati, 9504 Federal Office Bldg., 550 Main St., 45202, Tel (513) 684-2944

Cleveland, Room 600, 668 Euclid Ave., 44114, Tel (216) 522-4750

OKLAHOMA, Oklahoma City, S. Broadway Executive Park Suite 200, 6601 Broadway Extension, 73116, Tel (405) 231-5302

• Tulsa, 440 S. Houston St., 74127, Tel (918) 581-7650

OREGON, Portland, Suite 242, One World Trade Center, 121 S.W. Salmon St., 97204, Tel (503) 221-3001

PENNSYLVANIA, Philadelphia, 475 Allendale Rd., Suite 202, King of Prussia, PA 19406, (215) 962-4890

---

* Denotes Regional Office with supervisory regional responsibilities

• Denotes Trade Specialist at branch office

Pittsburgh, 2002 Federal Building, 1000 Liberty Ave., 15222, Tel (412) 644-2850

PUERTO RICO, San Juan (Hato Rey), Room G-55 Federal Bldg., 00918, Tel (809) 753-4555, Ext. 555

RHODE ISLAND, •Providence (Boston Massachusetts District) 7 Jackson Walkway, 02903, Tel (401) 528-5104, Ext. 22

SOUTH CAROLINA, Columbia, Strom Thurmond Bldg., Suite 172, 1835 Assembly St., 29201, Tel (803) 765-5345

• Charleston, JC Long Bldg., Rm 128, 9 Liberty St., 29424, (803) 724-4361,

SOUTH DAKOTA, Serviced by Omaha District Office

TENNESSEE, Nashville, Suite 1114, Parkway Towers, 404 James Robertson Parkway, 38103-1505, Tel (615) 736-5161

• Knoxville, 301 E. Church Ave., 37915, (615) 544-9268

• Memphis, 555 Beale St., 38103, Tel (901) 521-4137

TEXAS, * Dallas, Room 7A5, 1100 Coomerce St., 75242, Tel (214) 767-0607

• Austin, P.O. Box 12728, 816 Congress Ave., Suite 1200, 78711, (512) 482-5939

Houston, 2625 Federal Courthouse, 515 Rusk St., 77002, Tel (713) 229-2578

UTAH, Salt Lake City, Suite 105, 324 South State St., 84111, Tel (801) 524-5116

VERMONT, Serviced by Boston District Office

VIRGINIA, Richmond, 8010 Federal Bldg., 400 North 8th St., 23240, Tel (804) 771-2246

WASHINGTON, Seattle, 3131 Elliott Ave., Suite 290, 98121, Tel (206) 442-5616

• Spokane, West 808, Spokane Falls Blvd., Room 650, 99201, Tel (509) 353-2922

WEST VIRGINIA, Charleston, 3402 Federal Building, 500 Quarrier St., 26301, Tel (304) 347-5123

WISCONSIN, Milwaukee, Federal Building, U.S. Courthouse, 517 E. Wisconsin Ave., 53202, Tel (414) 291-3473

WYOMING, Serviced by Denver District Office

---

* Denotes Regional Office with supervisory regional responsibilities

• Denotes Trade Specialist at branch office

APPENDIX G.
CBI DESIGNATION CRITERIA

Under the terms of the Caribbean Basin Economic Recovery Act of 1983, the President of the United States may not designate a country for CBI trade benefits if the country:

- Is a communist country
- Fails to meet certain criteria regarding expropriation of U.S. property
- Does not take adequate steps to cooperate with the United States to prevent narcotic drugs from entering the United States
- Fails to recognize arbitral awards to U.S. citizens
- Provides preferential treatment to the products of another developed country which adversely affects trade with the United States
- Engages in the broadcast of U.S. copyrighted material without the consent of the owner
- Has not entered into an extradition treaty with the United States

The President is authorized to waive several of these conditions for reasons of national, economic, or security interests.

In addition to these mandatory criteria, there are 11 discretionary criteria that the President is required to take into account in designating a country. These are:

- An expressed desire by the country to be designated
- Economic conditions in the country
- The extent to which the country is prepared to provide equitable and reasonable access to its markets and basic commodity resources
- The degree to which the country follows the accepted rules of international trade
- The degree to which such country uses export subsidies, or imposes export performance requirements and local content requirements
- The degree to which the trade policies of the country as related to other CBI beneficiaries are contributing to revitalization of the region
- The degree to which a country is undertaking self-help measures to promote its own economic development
- The degree to which workers in such country are afforded reasonable working conditions and enjoy the right to organize and bargain collectively
- The extent to which such country prohibits its nationals from engaging in the broadcast of copyrighted material belonging to U.S. copyright owners without their express consent
- The extent to which such country protects the intellectual property rights, including patents and trademarks, of foreign nationals
- The extent to which such country is prepared to cooperate with the United States in administering the provisions of Title I of the CBI legislation

To qualify for CBI benefits, Caribbean Basin countries must agree to take all necessary actions to comply with or make progress toward complying with these criteria.

Pittsburgh, 2002 Federal Building, 1000 Liberty Ave., 15222, Tel (412) 644-2850

PUERTO RICO, San Juan (Hato Rey), Room G-55 Federal Bldg., 00918, Tel (809) 753-4555, Ext. 555

RHODE ISLAND, •Providence (Boston Massachusetts District) 7 Jackson Walkway, 02903, Tel (401) 528-5104, Ext. 22

SOUTH CAROLINA, Columbia, Strom Thurmond Bldg., Suite 172, 1835 Assembly St., 29201, Tel (803) 765-5345

• Charleston, JC Long Bldg., Rm 128, 9 Liberty St., 29424, (803) 724-4361,

SOUTH DAKOTA, Serviced by Omaha District Office

TENNESSEE, Nashville, Suite 1114, Parkway Towers, 404 James Robertson Parkway, 38103-1505, Tel (615) 736-5161

• Knoxville, 301 E. Church Ave., 37915, (615) 544-9268

• Memphis, 555 Beale St., 38103, Tel (901) 521-4137

TEXAS, * Dallas, Room 7A5, 1100 Coomerce St., 75242, Tel (214) 767-0607

• Austin, P.O. Box 12728, 816 Congress Ave., Suite 1200, 78711, (512) 482-5939

Houston, 2625 Federal Courthouse, 515 Rusk St., 77002, Tel (713) 229-2578

UTAH, Salt Lake City, Suite 105, 324 South State St., 84111, Tel (801) 524-5116

VERMONT, Serviced by Boston District Office

VIRGINIA, Richmond, 8010 Federal Bldg., 400 North 8th St., 23240, Tel (804) 771-2246

WASHINGTON, Seattle, 3131 Elliott Ave., Suite 290, 98121, Tel (206) 442-5616

• Spokane, West 808, Spokane Falls Blvd., Room 650, 99201, Tel (509) 353-2922

WEST VIRGINIA, Charleston, 3402 Federal Building, 500 Quarrier St., 26301, Tel (304) 347-5123

WISCONSIN, Milwaukee, Federal Building, U.S. Courthouse, 517 E. Wisconsin Ave., 53202, Tel (414) 291-3473

WYOMING, Serviced by Denver District Office

---

* Denotes Regional Office with supervisory regional responsibilities

• Denotes Trade Specialist at branch office

APPENDIX G.
CBI DESIGNATION CRITERIA

Under the terms of the Caribbean Basin Economic Recovery Act of 1983, the President of the United States may not designate a country for CBI trade benefits if the country:

- Is a communist country
- Fails to meet certain criteria regarding expropriation of U.S. property
- Does not take adequate steps to cooperate with the United States to prevent narcotic drugs from entering the United States
- Fails to recognize arbitral awards to U.S. citizens
- Provides preferential treatment to the products of another developed country which adversely affects trade with the United States
- Engages in the broadcast of U.S. copyrighted material without the consent of the owner
- Has not entered into an extradition treaty with the United States

The President is authorized to waive several of these conditions for reasons of national, economic, or security interests.

In addition to these mandatory criteria, there are 11 discretionary criteria that the President is required to take into account in designating a country. These are:

- An expressed desire by the country to be designated
- Economic conditions in the country
- The extent to which the country is prepared to provide equitable and reasonable access to its markets and basic commodity resources
- The degree to which the country follows the accepted rules of international trade
- The degree to which such country uses export subsidies, or imposes export performance requirements and local content requirements
- The degree to which the trade policies of the country as related to other CBI beneficiaries are contributing to revitalization of the region
- The degree to which a country is undertaking self-help measures to promote its own economic development
- The degree to which workers in such country are afforded reasonable working conditions and enjoy the right to organize and bargain collectively
- The extent to which such country prohibits its nationals from engaging in the broadcast of copyrighted material belonging to U.S. copyright owners without their express consent
- The extent to which such country protects the intellectual property rights, including patents and trademarks, of foreign nationals
- The extent to which such country is prepared to cooperate with the United States in administering the provisions of Title 1 of the CBI legislation

To qualify for CBI benefits, Caribbean Basin countries must agree to take all necessary actions to comply with or make progress toward complying with these criteria.

APPENDIX H. SPECIAL PROVISIONS IN CBI CUSTOMS REGULATIONS

U.S. Foreign Trade Zones

Products which have originated in a CBI beneficiary country and which meet the value-content requirement at the time of entry into the customs territory of the United States will not lose the status of having been imported directly merely from the fact that they subsequently passed through a U.S. Foreign Trade Zone (FTZ). However, the cost or value of materials produced in a U.S. FTZ may not be counted toward the value-added requirement. The cost or value of materials produced in (and the direct costs of processing operations incurred in) an FTZ located in Puerto Rico, however, may be counted toward the value-added requirement.

Addition of Value in Puerto Rico

Under the General Headnote 2 of the Harmonized Tariff Schedules of the United States (HTS), the customs territory of the United States includes Puerto Rico. Therefore, the procedures governing the importation and entry of merchandise into the United States are also applicable to Puerto Rico. However, based on an amendment to the CBI statute, a product of a CBI beneficiary country can be imported into a bonded manufacturing warehouse in Puerto Rico, can be processed (including substantial transformation), but still be entitled to duty-free treatment upon withdrawal provided that (1) the article entered in the warehouse was a product of, and was imported directly from, a beneficiary country, and (2) the article withdrawn from the warehouse meets the 35 percent value-added requirement.

Direct Importation from the U.S. Virgin Islands

The U.S. Virgin Islands, which are insular possessions, are not part of the customs territory of the United States. Consequently, they cannot engage in tail-end processing operations of an article intended for CBI duty-free treatment unless the article is returned to a beneficiary country for direct shipment to the United States. Moreover, a substantial transformation of the article in the Virgin Islands would cause the article to lose its status as a product of a beneficiary country. Except for these limitations, value-added in the Virgin Islands may be counted as CBI beneficiary country value for purposes of meeting the 35 percent requirement. Furthermore, products of the U.S. Virgin Islands may qualify for duty-free status under HTS Headnote 3(a).

APPENDIX I. 936 PROGRAM ELIGIBILITY REQUIREMENTS AND APPLICATION PROCEDURES

Because Puerto Rico grants a tax exemption to 936 funds deposited in Puerto Rico, the Economic Development Administration of Puerto Rico (FOMENTO) has the responsibility of ensuring that the projects it endorses for financing do not adversely affect the economy of Puerto Rico. Therefore, FOMENTO will conduct an economic impact assessment of all proposed projects to ensure that there is no such adverse impact. FOMENTO has established the following guidelines for the evaluation of eligible CBI projects:

1. Projects in the CBI region that (a) have positive inter-industry linkages or complementary production with Puerto Rico, (b) sell in product markets other than Puerto Rico, and (c) will not cause a net loss of jobs in Puerto Rico will in general receive a full endorsement from FOMENTO.
2. FOMENTO will be concerned with an adverse impact when there is a possibility of (a) a significant net loss of jobs, (b) a significant net reduction in income, or (c) a significant idling of plant, equipment, land or other resources in an affected industry in Puerto Rico or industries with which it is technically linked.
3. FOMENTO will scrutinize projects which (a) extensively sell their product in Puerto Rican markets in direct competition with local Puerto Rico-based producers of similar products, or (b) compete with Puerto Rico-based producers of identical products, in markets outside Puerto Rico.
4. Only where measures (2) and (3) are significant will a project be unequivocally said to cause potential adverse impact. Where one or two of these impact measures are significant, the administrator of FOMENTO will make a determination of the overall effect of the project on the economy of Puerto Rico.

The final intent of all procedures relating to the approval of 936 financing is to maximize both the number and dollar value of 936 loans to CBI eligible nations as part of Puerto Rico's ongoing mission to promote economic welfare in Puerto Rico and the Caribbean Basin region. All requests for 936 loans, whether for complementary or stand-alone projects, must be endorsed by FOMENTO and certified by the Government Development Bank.

Fomento has adopted the following procedures for the submission of qualified CBI projects for evaluation and endorsement under the provision of Regulation 3582, and pursuant to the criteria described herein.

1. All applications for endorsement of a CBI project must be addressed in writing to the Caribbean Development Program at FOMENTO and must include the following information and documentation:

(a) A description of the project to be financed, including a description of the production, conversion, or other business activities to be engaged by such project in Puerto Rico (if applicable), and in each qualified CBI country in which the operations or properties of such project are or will be located.

(b) A statement specifying each qualified CBI country in which the operations or properties of such project is or will be located.

(c) The employment to be retained or created by such project in each qualified CBI country in which the operations or properties of such project is or will be located, and the employment to be retained or created by such project in Puerto Rico, if applicable.

(d) The goods or services to be produced by such project (with their estimated annual value), and a description of the markets in which they will be sold.

(e) A description of any infrastructure required to be developed for such project, the sources for the financing thereof, and a description of any such infrastructure included in the total estimated cost of such project.

(f) A statement regarding the percentage participation and the identity of each person holding or proposing to hold a direct ownership interest and a description of the management of such project.

(g) Such other information as FOMENTO may reasonably request.

2. After reviewing the information submitted by the applicant, FOMENTO will notify the applicant in writing whether or not the proposed project complies with the requirements for endorsement.

For more information, contact:

Caribbean Development Program
Economic Development Administration
P.O. Box 2350
San Juan, PR 00936
Tel: (809) 758-4747
Fax: (809) 758-4747
Telex: 3252678 PREFORM PT

APPENDIX J. TAX INFORMATION EXCHANGE AGREEMENTS

Q: What is a Tax Information Exchange Agreement (TIEA)?

A: A TIEA is an agreement concluded between the United States and a beneficiary country designated pursuant to the Caribbean Basin Economic Recovery Act of 1983. Generally, it is an expanded version of the standard exchange of information article usually included in a bilateral income tax treaty. The United States has similar agreements with most of its major trading partners.

Like the standard tax treaty exchange of information article, a TIEA imposes on the agreeing countries a mutual and reciprocal obligation to exchange information relating to the enforcement of their respective tax laws. As required by Congress, TIEAs also provide that information be turned over notwithstanding nondisclosure laws (such as laws regarding bearer shares and bank secrecy) of the beneficiary country. Such a provision may be included in a standard tax treaty, but is not required by law. As of October 1990, TIEAs are in force between the United States and Barbados, Jamaica, Grenada, Dominica, the Dominican Republic, and Trinidad and Tobago.

Q: What does a TIEA offer a CBI country?

A: A TIEA provides a beneficiary country with a means to obtain tax information from the United States in order to improve the enforcement of the beneficiary country's tax laws. In addition, there are several statutory benefits that are not available under the standard tax treaty. These CBI tax benefits are referred to as the convention tax benefit, the FSC benefit, and the 936 benefit.

Q: What is the convention tax benefit?

A: U.S. taxpayers can deduct legitimate business expenses incurred in attending a business meeting or convention in a qualifying CBI country without regard to the more stringent requirements usually applied to foreign convention expenses. This benefit can help CBI countries attract conventions and business meetings to boost tourism earnings.

Q: What is the FSC benefit?

A: By entering into a TIEA with the United States, CBI countries become eligible sites for the organization of a Foreign Sales Corporation (FSC). An FSC is a specialized sales subsidiary of a U.S. exporter that provides U.S. tax benefits to the organizer. If several U.S. companies choose to organize FSC's in a CBI country, it may create some administrative jobs.

Q: What is the 936 benefit?

A: The 936 benefit is a potential source of funding for development projects in qualifying CBI beneficiary countries, administered by the Commonwealth of Puerto Rico. The 936 benefit is described in detail in Chapter IV.

Q: What provisions of a TIEA are required by U.S. law?

A: The substance of the TIEA must reflect the following legal requirements:

1. Information is exchanged at a government-to-government level solely for tax purposes. No exchange is permitted for private purposes or to enforce non-tax laws.

2. The laws of the beneficiary country must make available compulsory legal measures (such as issuance of a summons) to be used if necessary to obtain requested information.

3. Local nondisclosure laws (such a bank secrecy and bearer shares) cannot prohibit exchange of information under the TIEA.

4. Information must be exchanged without regard to the nationality of the person about whom the information is requested in connection with a bona fide tax matter.

5. Once exchanged, the information obtained under a TIEA must be kept confidential and used solely for authorized purposes.

Q: How often does the Internal Revenue Service (IRS) make specific requests for tax information from foreign governments under treaties or TIEAs?

A: The IRS rarely makes such requests, because most taxpayers are required to keep adequate records in the United States. Since most of the financial dealings of U.S. taxpayers relate to activities in countries that are major trading partners with the United States, it is those countries that receive the vast bulk of information requests. For example, in FY 1988, the United States made 84 requests to 13 countries. Almost half (55) were made to Canada. Only four inquiries were directed to Caribbean Basin signatories.

Q: What provisions are afforded under U.S. law to protect persons about whom information is requested?

A: When the IRS receives a request, a determination is made as to whether a legitimate tax purpose exists for the request. That determination undergoes several levels of review. If the legitimacy of the request is established, the IRS will attempt to obtain the information requested. The most common type of requests involves information in the possession of third-party recordkeepers such as banks, attorneys, brokers, and investment companies. To obtain this information, the IRS issues a summons to the third party. The IRS is required to give notice to the person about whom the information is requested within 3 days of issuance of the summons. That person then has 20 days from date of notice to file a petition in a federal district court to contest the validity of the summons.

Until the court determines the merits of any objections raised, or until the time for filing a court proceeding lapses, the IRS is prohibited from gaining access to the records. In a court proceeding, the foreign taxpayer may raise any relevant issue, including, for example, a claim that the information sought is not relevant to a tax issue or that the summons was issued for an improper purpose such as harassment.

Q: What would the United States do if it was found a TIEA was being used for non-tax purposes?

A: The United States would terminate the agreement. Further, the United States is willing to discuss inclusion in a TIEA of procedural protections to ensure that the rights of residents in the requesting country are respected.